

Herald Tribune

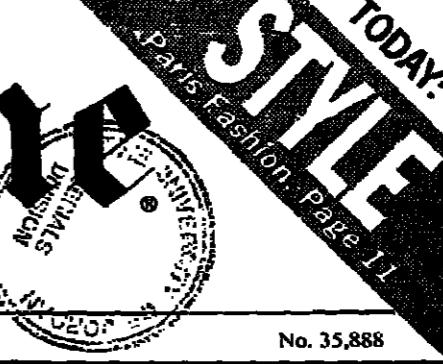
INTERNATIONAL

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In Papua New Guinea, A Sea of Devastation

Final Toll of 3,000, Mostly Children, Is Feared

By Paul McGeough
Sydney Morning Herald

VANIMO, Papua New Guinea — It looks as if a giant comb has been dragged across the landscape. Felled trees lie neatly in a north-south line with clumps of roofing iron wrapped around those still standing. Steel bridges have been ripped from their concrete piers.

Around Sissano Lagoon, gorged earth has been smoothed like new concrete slab by the sweeping, swirling water — except for the graves, ugly interruptions that have been made wherever the bodies have been found.

There are now fears that the death toll from the tidal waves that obliterated this necklace of villages in northern Papua New Guinea last Friday evening will reach 3,000 in the two or three months it will take to trawl the beaches, the lagoon and the islands.

On Monday, as the official body count reached 705, the villagers pleaded to be airlifted to safety. After shocks from the massive earthquake that triggered the tsunamis continued to shake the ground.

Prime Minister Bill Skate declared a state of national disaster and said he would travel inland to comfort those who fled to high ground. "Mostly I'm going to share their tears," he said as he moved around what was left of Sissano, one of the worst-hit villages.

The hundreds of graves are numbly, but more grotesque is the number of bodies floating in the lagoon — snap-frozen in terror, many of them still holding the running pose they had when they were struck down.

Others are spread-eagled among the mangoes or hidden in the lumber that was their homes but has now been reduced to matchstick-muddies, moving nowhere on the tide.

"The most saddening thing is that 70 percent of the survivors have been

adults. Most of the children are dead," said a Catholic priest, the Reverend Austin Crapp, as Australian medical teams joined an international mission to save the thousands of injured.

Young children were too weak to escape the three tidal waves, the largest of which towered 10 meters, that smashed ashore early Friday evening.

"What chance would a 2-year-old or 3-year-old child have — it wipes out everything, destroys everything, bounces people off trees, off obstacles, bowls them into the lagoon, before it turns, rushing back out to sea," Father Crapp said. "The children may be hiding somewhere; we hope so. But the fear is that they have drowned."

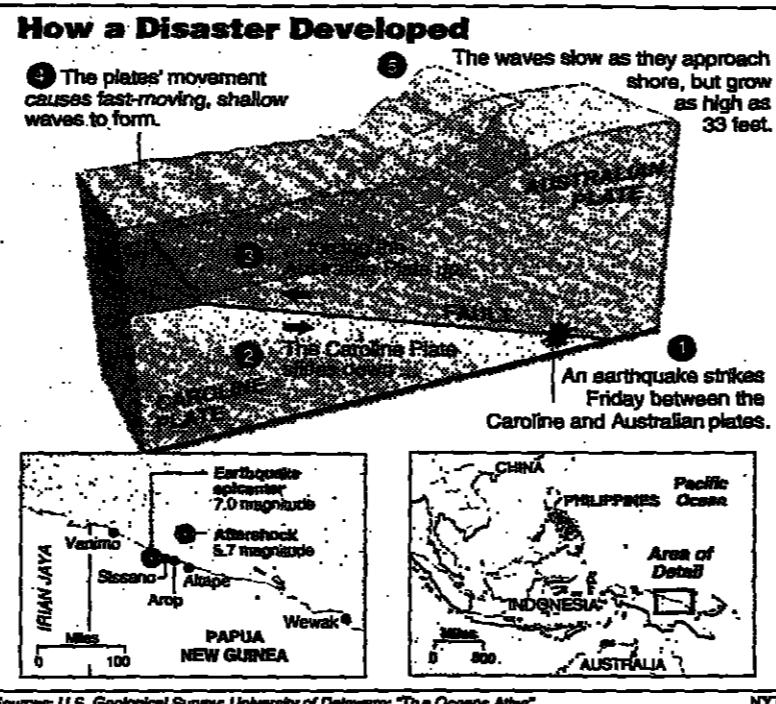
There is little ceremony for the dead, but at the care station established at the other end of the village, each of the injured, who lie under canvas, clutchers a piece of paper with big black lettering: "Death Certificate." There was nothing else on which to write their condition before they were to be transported by helicopter to hospitals at Wewak and Vanimo.

One of the survivors, an old woman named Maria, sat straight-backed and cross-legged as she was bandaged and medicated, all the time clutching a "death certificate" that read: "Bump on head, lacerations to back of right ear, pain in chest and back."

While the villagers wait, they are dazed, shocked. Some hold tightly to their military-issue biscuits and talk quietly among themselves. Others have passed out.

■ Emergency Aid Arrives

The first of three Royal Australian Air Force C-130 cargo planes arrived at Vanimo on Monday with emergency supplies, including a field hospital and 100 doctors, nurses and engineers. The Associated Press reported. New Zealand was sending relief supplies and a medical team.



Source: U.S. Geological Survey; University of Delaware; "The Oceanus Atlas"



An injured child being evacuated Monday in northwestern Papua New Guinea, where huge relief efforts for tsunami victims got under way.

Europe Shunning Genetically Engineered Crops

Reluctance Threatens Other Industries

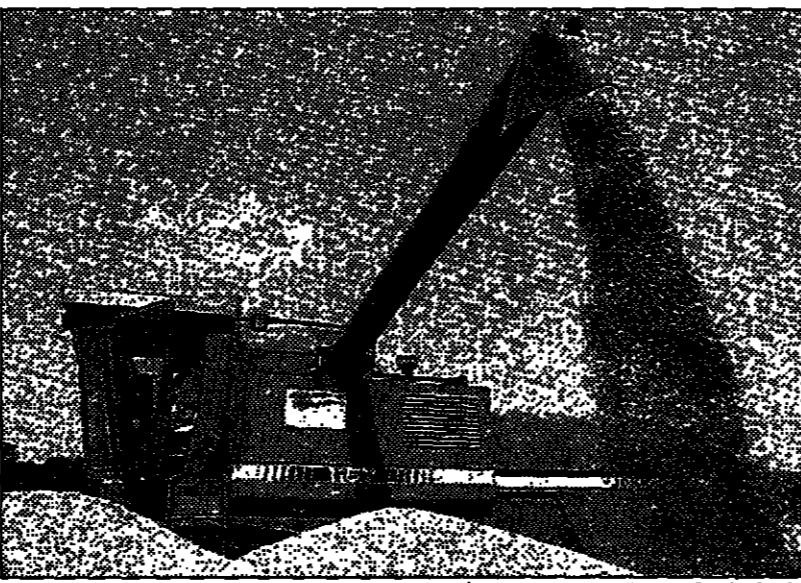
By Michael Specter
New York Times Service

DALLIKON, Switzerland — Like his father and grandfather before him, Kaspar Gunthardt is a man of the soil. He lives in the solid old farmhouse where he was born, and he has worked the rich earth around it for most of his 52 years.

He is a traditionalist who has nevertheless embraced the future, equipping his farm with modern technology, even displaying his cattle on the Internet. But when it comes to playing with the rules of nature, he draws the line, and neither he nor Switzerland is alone.

From one end of Europe to the other, consumers are in open revolt over the prospect of a future in which nature has somehow been altered by people holding test tubes.

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James IBM/The New York Times
Organic grain being harvested in Italy. Europeans reject engineered crops.

AGENDA

Nigeria Elections Promised for Early 1999

ABUJA, Nigeria (Combined Dispatches) — The military government of Nigeria will hand over power to an elected civilian president on May 29, 1999, the country's military ruler said Monday.

"After all necessary consultations, government has decided that the election of a civilian president will be held in the first quarter of 1999," said General Abdulsalami Abubakar in a speech broadcast to the nation. "The new elected president will be sworn into office on the 29th of May, 1999."

General Abubakar's announcement of a date for the military to transfer power to civilians put an end to six weeks of speculation, following

the death of his predecessor, General Sani Abacha. The military leader had already released dozens of detainees. The most prominent detainee, Moshood Abiola, died in prison of apparent heart disease this month. His death sparked several days of rioting.

(AFP, AP)

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The IHT on-line www.iht.com



Zohra Bensemra/Associated Press
KABUL EXODUS — Workers at a foreign aid agency leaving Kabul on Monday. The Taliban has shut the offices of 35 agencies. Page 4.

Hong Kong in Grip Of Deepening Slump

Jobless Rate Jumps to Highest Level Since '83

By Philip Segal
International Herald Tribune

HONG KONG — Unemployment rose to a 15-year high of 4.5 percent here in April through June, the government said Monday, confirming that Hong Kong was in the grip of a recession that has swept across much of Asia and is unlikely to go away soon.

"The impact of the Asian financial crisis is much more widespread and protracted for the whole region than anyone could have expected," said Donald Tsang, the Hong Kong financial secretary. "Things are likely to get worse before they get better. We have to face up to this unpleasant reality."

The unemployment statistics, showing the fifth monthly increase in a row — from 4.1 percent in the March-May period — add to a depressing array of economic numbers reported in recent months.

The economy is shrinking, down by about 2 percent in the first quarter of the year, compared with a year earlier, according to government estimates. Retail sales have fallen off a cliff, dropping 14.7 percent in April compared with April 1997.

As he was touring the city's new, problem-plagued airport Monday, the Hong Kong chief executive, Tung

Cheehwa, said the economy shrank again in the second quarter, which would confirm that the downturn now meets economists' definition of a recession. He did not specify how much it had contracted.

Last week, the government said cargo problems at the two-week-old Hong Kong International Airport could cause the economy to shrink by an extra 0.3 percent this year, though the total cost may well be higher. Mr. Tsang's original price tag for the cargo chaos had been just 0.1 percent of gross domestic product.

As the economy slows, companies continue to lay off workers. The number of unemployed has doubled since early last autumn, to 144,000, in a population of 6 million.

"There isn't any light at the end of the tunnel on unemployment," Enzio von Peil, chief economist at Clarion Securities Asia Ltd., told Bloomberg News. "Why should companies hire when there is no sign their earnings are going to improve?"

The last time the jobless rate was higher — 5.2 percent — was in 1983, when Hong Kong was suffering the pains of a political crisis brought on by the announcement that its British rulers

See HONG KONG, Page 10

Indonesia's Debacle Pulls Children Out of Schools

20% of Nation's Pupils Are No Longer in Class

By Michael Richardson
International Herald Tribune

ROKOK, Indonesia — Like many other Indonesian parents, Mohammed Ilyas and his wife, Noni, face an agonizing choice. They must decide whether to keep two of their sons and a daughter in school or take them out.

After Indonesia's currency, the rupiah, collapsed, millions of Indonesians lost their jobs. Early this year Mr. Ilyas became one of them. He was dismissed after eight years as a casual laborer in Tanjok Priok, the port of Jakarta, 120 kilometers (75 miles) northeast of Rokok, his village.

With that job went a monthly income that averaged 300,000 rupiah (now about \$23), which was just enough to house, feed, clothe and educate his six children.

Mr. Ilyas was given no severance pay. When he returned home he found that job prospects in the area were even bleaker than in the capital.

"I'm doing odd jobs as a driver, laborer or whatever else I can get here," he said. "But I'm earning much less than I was in Jakarta, and it's not steady money."

Mr. Ilyas's wife has a small shop in the village. She sells food and hardware. "The income from that helps a bit," he said.

To keep his children in the Banjar Dua government school this year, he will need the equivalent of at least two months' income at his former pay level.

"Right now, we've registered our three children in this school. But if we

don't get financial help from somewhere, we will have to remove them because we can't afford to pay the fees and we need the kids to help supplement our income."

Indonesia is the fourth most populous country in the world. It has a work force of about 90 million people. At least 20 million of them are expected to lose their jobs in the next 12 months.

In the same 12 months the government expects the number of people living below the official poverty line to increase to nearly 96 million, almost half of the population.

Many parents have already been forced to take their children out of school. The education and culture minister, Juwono Sudarsono, estimates that

See INDONESIA, Page 10

The Dollar		
New York	Monday @ 4 PM	previous close
DM	1.7818	1.78
Yen	138.825	139.5
FF	5.975	5.965
Pound	1.6478	1.645
<i>Dollars per pound</i>		
The Dow		
Monday close	percent change	
-42.22	9,295.75	-0.45%
S & P 500		
-2.65	1,184.10	-0.22%
Nasdaq		
+5.49	2,014.25	+0.27%

Bold Leaders Elude Japan

System Produces Colorless, Weak Prime Ministers

By Nicholas D. Kristof
New York Times Service

TOYOKO, Japan — As Washington yearns for a forceful new prime minister to emerge in Japan and take charge of the economy, history suggests that is not very likely.

Over the decades and centuries, Japan has had good rulers and bad rulers, but only rarely has it had a strong leader. The last leader who really reshaped Japan was arguably Ieyasu Tokugawa, who lived four centuries ago.

Even many Japanese speak wistfully of the need for a bold leader who could force through measures to revive the economy, end fears of a Japanese recession setting off a global downturn and restore the nation's self-confidence. But most also say that is simply not how this country works.

This week the elders of the Liberal Democratic Party will be bargaining furiously among themselves to choose a new prime minister to replace Ryutaro Hashimoto, who resigned July 20 after the party's disastrous performance in parliamentary elections.

But whoever is chosen seems likely to be another in the line of colorless prime ministers who have presided in recent years and left little impression on their country or the world. Other societies around Japan — China, South Korea, Taiwan, Indonesia, the Philippines — have frequently produced vigorous

rulers rugging their people this way or that, but not Japan.

"Japan remains a consensus society," said Yoshiro Hatano, a former representative to the United Nations. "We may have had strong leaders in the past in some cases — I can think of a couple — but they were not very successful.

The consensus makers were rather more successful as prime ministers."

Early in his career, Mr. Hatano was an assistant to the strongest postwar prime minister of Japan, Shigeru Yoshida, who governed during most of the period from 1946 to 1954.

But Mr. Hatano and others say that Mr. Yoshida was an exceptional figure whose authority was possible only in the special circumstances after World War II.

These days, Mr. Hatano says, a strong leader like Mr. Yoshida would never rise to prime minister or last long if he did. Forceful politicians in Japan often irritate voters as well as bureaucrats and their colleagues, the argument goes, so that in the end they are unlikely to rise to the top and unlikely to accomplish much if they do.

U.S. officials have been extremely frustrated with Mr. Hashimoto and his cabinet for failing to act decisively while Japan tumbled into a slump that is creating havoc around Asia. But Mr. Hashimoto and his cabinet were simply

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A Bride in India / New Yorker on a White Horse**Wedding Values of East and West**By Celia W. Dugger
New York Times Service

NEW YORK — Vinit Sethi, a New Yorker born and bred, was wired from days of celebration in Jaipur, India, when he mounted a small white horse to ride toward his bride. Dressed up like a Rajput prince, he nervously adjusted his golden turban and the strands of plump emeralds that hung around his neck.

His wedding procession, led by a lumbering elephant, fairly floated through the horn-honking, smoke-belching traffic like some royal fantasy, trailing a band of his University of Pennsylvania buddies, merry revelers in Western suits. Mr. Sethi, a 24-year-old investment banker who loved night clubbing, brought up the rear, his horse prancing past mesmerized beggar children. All were bathed in the fluorescent glow of green lights held aloft by small men in flip-flops.

His bride, a shy, hazel-eyed beauty of 20 named Anshu Jain, was waiting poolside at the Sheraton Rajputana. They had never kissed or held hands. She came from a family in which no woman had ever been allowed to call her husband by his given name.

"For a wife, your husband is God," she explained. "And you don't call God by his first name."

Theirs might seem an unlikely union, this arranged marriage between the cosmopolitan American son of Indian immigrants and a sheltered Indian woman who had never set foot in America.

For Mr. Sethi, though, the marriage was not the inevitability it had been for his immigrant parents. It was his own choice. In making that choice, he was casting his lot with a traditional way of life, one that would bind him more closely to his own parents and to India itself, and sustain that tie into yet another generation of American children — his own.

"I had mixed feelings with the concept," he said. "I didn't necessarily think I would go through with it. But my reservations got pushed to the side when I met her. I had an incredible feeling that this was the right thing to do."

In modern immigrant families, where the bindings between new land and homeland are stronger than ever before, the children almost inevitably find themselves pushed and pulled between the culture and values of their parents and those of the larger American society.

Such ambiguities are perhaps never more acute than when a decision about marriage is at hand. But what emerges at defining moments like Vinit Sethi's wedding is the way many of these children search for, and find solace

and grounding in, their connections to the world back home.

Mr. Sethi grew up in a tightly knit community of Indian gemstone merchants who, over three decades, have carved out a sizable niche in the historically Orthodox Jewish world of the diamond district in New York City.

Because of their wealth and their business ties to India, these families are among the immigrants, Indian and otherwise, most intensely connected to their homelands. But their experience is common to immigrants from all over the world who have taken advantage of skills and contacts developed in America and back home to build businesses and transnational lives.

Yet, while the parents still consider themselves Indians, their children have grown up attending American schools, going to American movies, watching American television. Striving and ambitious, they often chafe at their parents' expectations. Just as often, however, they say they value the comfort and security of their affectionate, protective families.

Over the Christmas holidays, many of the gem merchants and their families traveled to the city of Jaipur in northwest India for the Sethi wedding. Several of the children, like Komal Pandya, a Columbia University freshman, watched the wedding with more than academic interest. They are entering their marriageable years — and choosing arranged marriages with open eyes.

"An American girl dates a guy and she doesn't know much about him — how he was brought up, his moral standards," Miss Pandya said. "I trust my parents to look for someone who will give me the life I've been brought up to have."

BUT THE dissonance between her American and Indian identities emerged as she talked about her place in such a marriage. In one breath, she said, "I would never set aside family for career." And in the next, she said, "I don't want my husband to be my identity."

Just how these young Indian-Americans will seek to harmonize these clashing values remains to be seen. What is clear is that they feel little pressure to shed their ethnicity like some unwanted skin.

Shashi Sethi is a guardian of family traditions, a woman who has given her life to her husband and two sons. When the older son, Vinit, was 23, Mrs. Sethi's matchmaking instincts kicked in and she told him it was time to stop "goofing around" and marry. If he wanted to pick his own wife in the American way, she told him, that was fine — as

long as the girl was a strict vegetarian.

Mr. Sethi told his mother he had no marriage plans. He had not yet decided between a match of his parents' making or one of his own.

Either way, though, "I always knew I'd probably end up getting married to someone who wasn't very American, because I'm not myself, in some ways," he said. "There's a certain level of individualism in American relationships I don't agree with, myself."

So Mrs. Sethi quickly went into action. "I had an agenda," she said. "I began spreading the word with friends and family in Bombay and Jaipur."

The news that she was looking for a bride spread like wildfire. She received a package from a family friend in Dallas about a relative in India, Anshu Jain. It included Miss Jain's "bio data," a kind of résumé for arranged-marriage prospects (age: 19; height: 5 feet 5 inches; complexion: fair), and an unprepossessing photo of an unsmiling young woman in a stiff pose, one arm crossed over the other.

Five months later, Mr. Sethi flew to Hyderabad to meet Miss Jain.

"I was a little spooked by the whole situation," he acknowledged. But he told himself he could always refuse the match.

Vinit Sethi, right, being teased by his friends before the wedding ceremony in Jaipur, India. The New Yorker says, "I always knew I'd probably end up getting married to someone who wasn't very American, because I'm not, myself, in some ways." For Mr. Sethi, the marriage was not the inevitability it had been for his immigrant parents. It was his own choice. In making that choice, he was casting his lot with a traditional way of life, one that would bind him more closely to his own parents and to India itself.

Edward Keating/The New York Times



At their first meeting, the two spoke about hobbies, school, siblings. He was charmed, but felt he needed to know her better. But Miss Jain's family customarily allowed its daughters only a brief pre-engagement glimpse of the men they were to wed; a girl's reputation, essential to her marriageability, had to be carefully guarded.

Unbeknown to the rest of her family, Miss Jain's father decided to allow another meeting. The next day, he sent one of his drivers to pick up Mr. Sethi. During hours of talk in the back of the car, she told him of her bare-bones needs: "A guy who's patient and who doesn't smoke or eat tobacco." He, in turn, told her about his more complex requirements: a woman with whom he connected emotionally and who shared his commitment to family.

He knew there was no chance for a third meeting. He had to decide.

He flew to Bombay the next day and waited to see if the spell would lift. It did not.

He said yes.

The newlyweds plan to have children in a few years, and have already decided they will speak Hindi to them. Like his parents before them, Mr. Sethi and Miss Jain will fly often to India to see her family and his, propelling their children into the back-and-forth life that knits India and America together.

In Desperate Nigeria, the Poor Turn to ChurchesBy Roger Cohen
New York Times Service

LAGOS — In the Lagos slum of Makoko, perched on a lagoon, the water is black with filth.

But on Sunday the hymns and chants of the faithful rose with fervor and the white robes of many of the churchgoers glimmered in the putrid breeze.

Religion, offered in many guises, is booming in a desperate Nigeria, plundered by successive military governments. The pigs that scuffle amid the garbage in Makoko do no beneath signs for the Redeemed Church of Christ, the Word of Life Bible Church, the Foursquare Gospel Church, the Holy Ghost Solution Church and countless others.

Victor Olaiyiwola, an immigration official with a monthly salary of \$40, stood in spotless white robes outside the Celestial Church of Christ, an evangelical church bordered by an open sewer.

"The churches are springing up because of our suffering. Without the preachers, there would have been war in Nigeria," an immigration official said.

his cut. On days when the general, who died last month, was unreactive, business ground to a halt.

General Abacha's successor, General Abdulsalami Abubakar, was expected to make a speech Monday laying out a program to return Africa's most populous nation to democracy. The task facing him is enormous: bridging the abyss between Abuja and Makoko's misery.

Nigeria is a treacherously divided nation. Gulfs between a wealthy minority and poor masses are, of course, nothing exceptional in the developing world. But in this country where almost one in

six Africans live, the divisions are particularly raw.

They have been worsened by the scale of Nigeria's wealth — more than \$10 billion is earned annually from oil — and the scale of the military misrule that has directed the use of these resources. The widely held perception that northern Muslims have arrogated that rule and its immense fruits to themselves has injected the venom of ethnic resentments.

Canoes glide through the shantytown. In some, women sell fish caught in the lagoon. One boy could be seen Sunday decapitating into the water, washing himself, and then casting his small net into the same spot. This community of perhaps 500,000 people has no sewers, no electricity, no garbage collection.

"The power is in the north, the weapons are in the north, and the money goes to Abuja," said Uduoma Obasi, 26, as he sat in his single room in Makoko, perched on wooden posts above the lagoon. "If there cannot be a shift of power, then we are better off breaking away."

Mr. Obasi, who makes \$30 a month selling rice and other staples and dreams of becoming a soccer star, is from the Ibo people in eastern Nigeria.

After the Biafra War, in which 1 million people died when the Ibo sought to secede in 1967, his people no longer want to fight, he said. Nor, he added, do they want to be downtrodden.

Another Ibo, a trader named Clement Obiaju, said that northern generals had been able to dominate only because the Yoruba and Ibo had never been able to

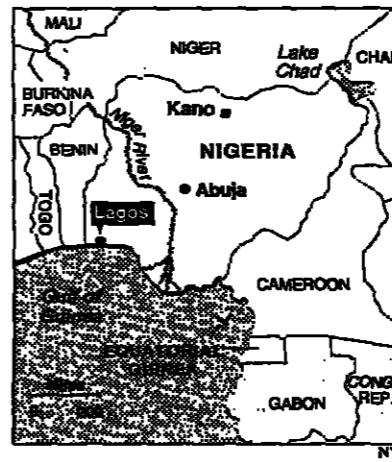
unite against them. If the Yoruba now led the way, he said, the Ibo would follow.

In Abuja, such talk tends to raise a smile. Economic power — the oil — is in the south, officials say, so the political power must remain in the north.

"The fear of the north, and the fear of Abuja, was simply that the south might have been able to grab everything," one said.

Meanwhile, Makoko's churches offer what solace they can.

"People are seeking God to see what he can do for them to survive," said Steve Orovbonai, who has the title of most senior evangelist at the Celestial Church of Christ. "For the children of God there is no poverty so our members do not experience poverty."

**TRAVEL UPDATE****An Easy Jet Free Trip**

ATHENS (AFP) — The British cut-rate airline Easy Jet will offer a free round-trip to London to anyone who turns up to support it Tuesday when it faces a court case brought by Greek travel agents, a newspaper here said.

Eleftheros Typos quoted Easy Jet's owner, Stelios Chatzidakis, a Cypriot shipowner, on the offer.

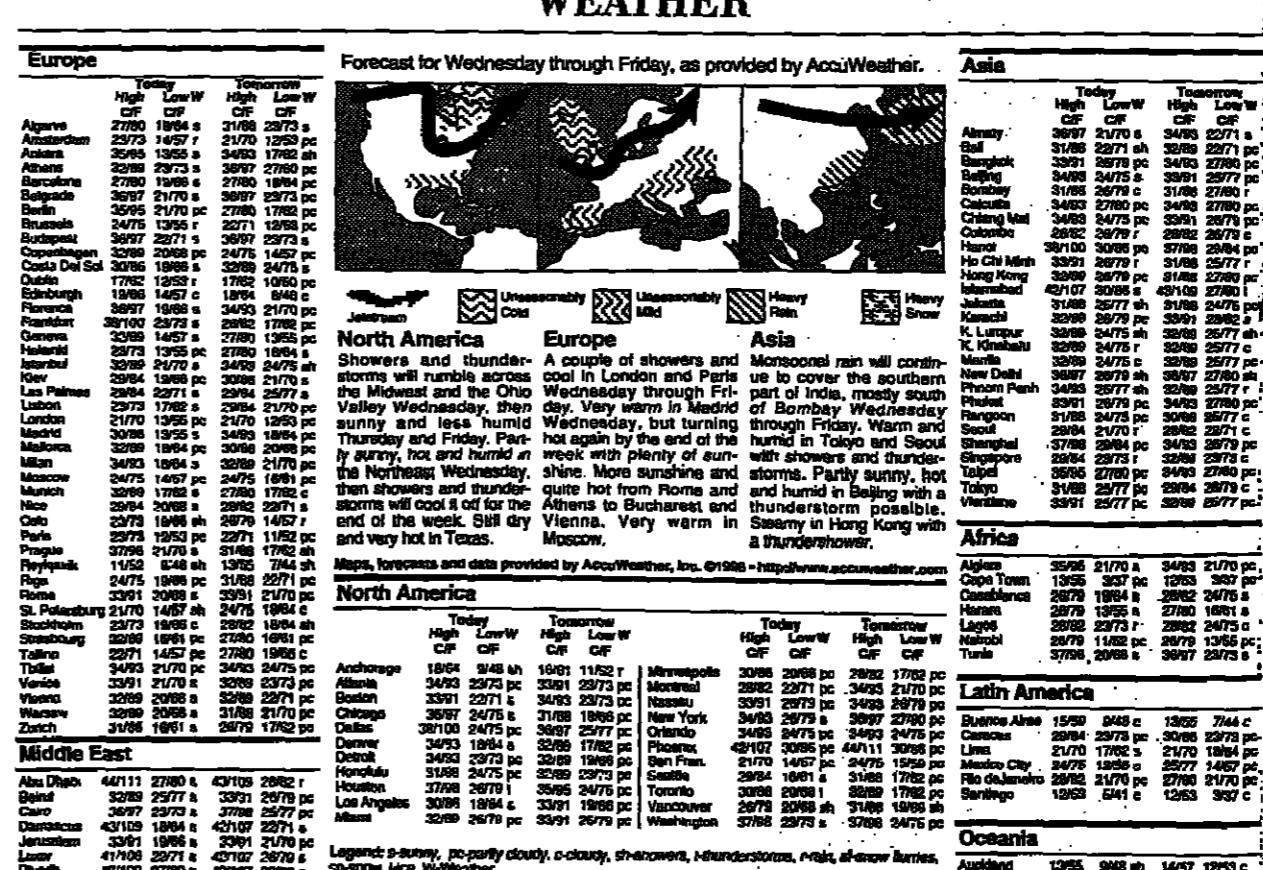
Four travel agency associations filed suit against Easy Jet because the airline urged travelers to buy their tickets directly from the company rather than through an agent.

Spain Airport Protest

MADRID (Reuters) — Airport workers in Spain started a go-slow effort Monday to press the national airport authority back to the negotiating table and avert an all-out strike at the end of the month, a union source said.

Correction

The name of the federal judge who ruled that the Environmental Protection Agency wrongly declared secondhand smoke a dangerous carcinogen was incorrect in Monday's editions. It was U.S. District Judge William Osteen Sr.

WEATHER**Big Danger to Workers: Other Workers**

Reuters

UNITED STATES, FRANCE, BRITAIN AND CANADA had the highest rates of workplace violence that can range from fighting and physical assaults to sexual harassment and bullying.

France leads the world in sexual harassment, according to the survey, with 20 percent of female workers reporting being sexually harassed.

In the United States, homicide has now surpassed job-related accidents to become twice as likely to be victims of workplace violence than men. In North America, surveys indicated that 4 percent of female workers had suffered workplace violence compared to 1 percent of male workers. That did not include cases of sexual harassment reported by almost 8 percent of women.

Sexual violence and harassment while working were highest in industrialized countries and in Latin America. In Argentina, more than 15 percent of women reported incidents of sexual violence and harassment.

The International Labor Organization had no data on sexual harassment of men by women at the workplace. It said workplace violence was underreported mainly due to fear of reprisals. In Western Europe, violence had emerged as a major safety issue in jobs led by banking, sports and leisure industries, postal services, office cleaning and public utilities, it said.

While most people associate dangerous work with physical risks, dangers are on the rise in the white-collar workplace with corporate offices emerging as high-risk areas, the survey said.

Professionals at highest risk included lone workers such as taxi drivers and those working in late-night retail operations as well as health care workers, teachers, social workers and domestic workers abroad. Victims of workplace violence are more likely to be female, it said.

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GERMANY	DEM 182	72	62%
GREAT BRITAIN	£ 47	23	53%
HONG KONG	HK\$ 72	36	50%
ISRAEL	NIS 1,200	600	50%
ITALY	ITL 142,000	70,000	50%
JAPAN	YEN 25,600	12,800	50%
MALAYSIA	RM 195	98	50%
NETHERLANDS	NLG		

THE AMERICAS

Starr Focus On 2 Clinton Attorneys Is Reported

By Alison Mitchell
New York Times Service

WASHINGTON — The Whitewater independent counsel has subpoenaed records of White House visits made by President Bill Clinton's private lawyers, David Kendall and Robert Bennett, according to a television news program.

The subpoenas, reported Sunday by the CBS News program "Face the Nation," could provide the independent counsel, Kenneth Starr, with logs or dates that would allow him to explore whether other White House aides attended meetings between the president and his lawyers.

If the sessions included other members of the White House staff, Mr. Starr might be able to argue that those aides were not covered by lawyer-client privilege and could be called to testify, legal experts say.

Neither the White House nor Mr. Starr's office would comment on whether subpoenas had been issued.

Mr. Starr's spokesman, Charles G. Bakaly 3d, said, "It has never been our intention to pierce the president's attorney-client privilege with his personal lawyers."

Trent Lott, the Mississippi Republican who is Senate majority leader, called on Mr. Clinton to testify whether he had had a sexual relationship with Monica Lewinsky, a former White House intern, and lied about it. Mr. Clinton has denied a sexual relationship with her.

"Look, truth will set you free," Mr. Lott declared on "Fox News Sunday."

The Republican leader said he did not understand why the Clinton administration had tried to shield Secret Service agents from being questioned about the man they have sworn to protect. "They appear to be hiding something," he said.

Jim Kennedy, a White House spokesman, said: "It's regrettable that the majority leader appears to question the integrity of people who put their lives on the line every day."

Mr. Kennedy said he would not confirm or deny that Mr. Starr has sought records on visits to the White House by Mr. Kendall and Mr. Bennett.

Several of Mr. Clinton's bodyguards testified to a grand jury here Friday after the administration lost an emergency bid to the Supreme Court to keep the agents off the witness stand.

■ Agents Said to Have Seen Little

Lawyers for Secret Service agents who were summoned to testify before a grand jury said that their clients did not know anything that would substantiate allegations President Clinton had engaged in improper sexual conduct with Ms. Lewinsky and sought to cover it up, the Los Angeles Times reported from Washington.

Prayer Not Enough as Southwest Suffers in Heat and Drought

By Lois Romano
New York Times Service

TULSA, Oklahoma — As penetrating heat and persistent drought engulfed Oklahoma with no relief in sight, Gov. Frank Keating looked to the only remaining hope: divine intervention. He declared a day of prayer for water. None came.

Record temperatures continued to grip the Southwest, with total heat-related deaths estimated as high as 113 since May in Texas, Oklahoma, Louisiana and Arizona.

It is the hottest, driest summer in Oklahoma and Texas in 18 years, and one of the worst since the Dust Bowl of the 1930s forced farmers to abandon

their land and become migrant workers.

There has been no substantial rainfall in parts of Texas and Oklahoma for months, causing agricultural and live-stock losses in the billions of dollars.

In Dallas, a city hot line is logging thousands of calls from people seeking relief from the heat wave, with temperatures over 100 degrees (39 centigrade) day after day.

Volunteers scour bus stations and parks, notifying the homeless that air-conditioned shelters are available.

Border Patrol officials — reacting to at least 40 heat-related deaths of illegal immigrants crossing the Texas border — are flooding Mexican television outlets with public service announcements imploring immigrants to stay at home.

Gisella Caccialanza, U.S. Ballerina, Dies

New York Times Service

NEW YORK — Gisella Caccialanza, 83, a major American ballerina with George Balanchine's first New York company and with the San Francisco Ballet, died of a stroke Thursday in Daly City, California.

Miss Caccialanza danced with pioneering American companies and was married to Lew Christensen, an important American choreographer.

She first studied ballet in Los Angeles with Giovanni Rosi, then with Enrico Cecchetti, Italy's most celebrated teacher, in Milan. Miss Caccialanza became Mr. Cecchetti's protégée and a collection of their correspondence, "Letters From the Maestro," was published in 1971.

After returning to America in 1928, she worked with Alberto Rasch, a Viennese choreographer who staged ballet numbers for musicals and vaudeville shows.

In 1934, she became a charter member of the American Ballet, Balanchine's first American company.

When the American Ballet

was not performing, its members appeared with Ballet Caravan, a touring group founded in 1936 that encouraged American choreographers, among them Mr. Christensen, whom Miss Caccialanza married in 1941.

She was guest ballerina with the San Francisco Ballet in 1943, dancing the Sugarplum Fairy in America's first complete "Nutcracker."

Back in New York, Miss Caccialanza joined Ballet Society, the forerunner of the New York City Ballet, in 1946 and created the Third Theme in Balanchine's "Four Temperaments."

When William Christensen left California in 1951 to found Ballet West in Salt Lake City, Utah, of which he is now director emeritus, his brother succeeded him in San Francisco. Miss Caccialanza danced with his company until the birth of their son in 1953. She then taught at the company's school.

T.C. Mendenhall, 88, Educator and Historian

New York Times Service
NEW YORK — Thomas Corwin Mendenhall, 88, the

foremost U.S. historian of the sport of rowing and a former president of Smith College, died of cardiac arrest Saturday at Martha's Vineyard, Massachusetts.

Mr. Mendenhall was the president of Smith College in Northampton, Massachusetts, from 1959 until he retired in 1979. Before that appointment he was a noted professor of history at Yale.

Alberto Cavallari, 70, a well-known columnist and former editor of Italy's biggest selling newspaper,

Corriere della Sera, died of a heart attack Monday at his home in Levanto.

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EUROPE

In Face of Fear and Lawlessness, a City in Kosovo Shuts DownBy R. Jeffrey Smith
Washington Post Service

PEĆ, Yugoslavia — Bajram, an ethnic Albanian who has lived here for 40 years, was standing in a bread line in pitch darkness at 4:30 A.M., a few days ago when a half-dozen Serbian policemen approached in an armored vehicle. After taunting the group, the policemen became enraged as Bajram because his papers stated that he was born near a village where several Serbian policemen had just been shot.

For the next 30 minutes in the back of the armored vehicle, Bajram, 45, said, "They beat me, on one side and then the other," while cruising up and down the streets of Peć, the second-largest city in Kosovo. They used *nunchucks*, two metal nightsticks joined by a short chain, as well as the butts of their rifles and the tips of their boots, before dumping him onto a deserted street and ordering him at gunpoint to lie down in a ditch.

During the beating, Bajram said, the policemen repeatedly threatened to kill him, saying, "You will never eat Serbia's bread again." It was their effort to hammer home the Serbs' claim to undisputed dominion over everything in Kosovo, a province of Serbia, Yugoslavia's dominant republic, where ethnic Albanians comprise 90 percent of the population.

Bajram's bruises and scars are just part of the evidence that Kosovo is rapidly becoming a lawless territory, in which kidnappings, beatings and other acts of violence are turning the lives of citizens upside down. The open warfare between Serbs and ethnic Albanians that has touched dozens of villages and towns has not yet spread to Peć, but the city is suffused with an atmosphere of fear and, sometimes, terror.

As many as a third of the city's 40,000 inhabitants have fled in the past two weeks, most traveling by foot over mountain passes to avoid Serbian checkpoints and reach relative safety in the neighboring Yugoslav republic of Montenegro. According to the United Nations, more than 14,300 refugees from Kosovo have been registered in Montenegro since March, including at least 7,200 ethnic Albanians and 2,000 Serbs from the province's western region.

They are fleeing a city where few people go out to socialize, where almost no one has a steady job, where cultural performances have been halted for months and where even private celebrations to mark holidays or high school graduations are discouraged for fear of attracting the unwanted attention of Serbian police. At least 17 Serbs and six ethnic Albanians have disappeared from Peć and surrounding villages since mid-May, according to the Pristina-based Humanitarian Law Center; they are presumed to be victims of kidnappings by ethnic Albanian guerrillas or government security personnel.

Ljilja, a 55-year-old ethnic Albanian interviewed at a refugee center near the Montenegrin city of Rozaje, said he left a suburb of Peć with five relatives "because a lot of shootings were going on."

"Everyone abandoned their houses," he said. "We have war. If I were to go back, I would not feel safe."

Many who fled evidently were alarmed by brief fighting last week between the Serbian militia and members of the ethnic Albanian rebel group known as the Kosovo Liberation Army, over control of Lodus, a village three kilometers southeast of Peć.

Most of the houses along the road leading there are abandoned, with Ser-

bian snipers peering out of windows piled with sandbags and a large police detail blocking all traffic from reaching the village. Fighting in outlying areas has caused an influx of more than 36,000 refugees into the city, most of whom are staying with friends or relatives whose resources already are stretched thin.

Almost none of the residents of Peć venture outside after dark, timing what was once a vibrant city of musicians, traders and tourists into a ghost town at night. Under normal conditions, the streets of most Balkan towns are thronged Saturday night with flirting teenagers and strolling families. In Peć Sunday evening, a reporter encountered only a few stray dogs and one couple during a 90-minute walk in the city center.

The woman, Mirjana Ilic, said that most of her friends were unemployed



and that she now lived off the street-gambling winnings of her husband, Sefikija Zejnelagic. "Milosevic and Rugova, these are the people who are making trouble," Mirjana said, speaking of President Slobodan Milosevic of Yugoslavia and the ethnic Albanian leader Ibrahim Rugova. "The two sides are making mistakes, but I as a Serb say Serbs are making more mistakes."

During the day, city residents are forced to spend much of their time foraging in shops for scarce food, such as cooking oil, bread, flour, sugar, butter and macaroni. For much of the past four months, Serbian officials have imposed an unofficial embargo on shipments of these and other goods to Kosovo; three weeks ago, they declared in a letter to businessmen in the province that shipments of about 40 commodities would be restricted.

The results of what some aid workers have called a "slow strangulation" of the province have been catastrophic for many businesses here. A trade association in Pristina, the provincial capital, reported last week that nearly one-third of all the province's egg-laying chickens have died because farmers cannot obtain chicken feed, causing a doubling of egg prices in the last month.

It is "an effort to squeeze the population into submission," said the local director of a humanitarian organization in a letter last week to Richard Holbrooke, the special envoy who has been nominated as U.S. ambassador to the United Nations.

What little food comes in has been funneled to state-run stores, which are managed by Serbs; private stores run by ethnic Albanians can sell only the produce they obtain in the province. Moreover, many of the state stores maintain lists of "permitted" customers, most of whom happen to be Serbs.

Critics of Milosevic Urge U.S. to Take Kosovo Lead*The Associated Press*

THE HAGUE — With fighting intensifying and the death toll mounting in Kosovo, a broad coalition of Serbian opposition leaders called Monday on the United States to take the lead in helping to end the sharpening conflict.

The Alliance for Change, consisting of Serbs opposed to President Slobodan Milosevic, met the senior U.S. diplomat for the Balkans, Richard Gelbard, for talks aimed at persuading foreign countries to broker a cease-fire and to stop more arms from reaching the Serbian province of Kosovo.

Although they appeared to come away without concrete pledges after three hours of talks, alliance members were encouraged by the positive reception they received from Mr. Gelbard.

"We have received full support for democratization of our region," said a former Yugoslav prime minister, Milan Panic.

"It is clear to us that the American government is prepared to assist in the democratization of Yugoslavia."

Mr. Gelbard said the United States welcomed the group's establishment as a driving force toward more democracy in Yugoslavia and would offer its support. He would not specify what form the support would take.

"The United States has been very supportive of this process in the past and

in the present and we intend to continue to be for the future," Mr. Gelbard said.

"This is potentially very important and useful and we look forward to further discussions," he added.

Alliance members, who include reformist Serbs from Kosovo and a Serbian Orthodox bishop from the province, support broad autonomy for Kosovo. They urge a cease-fire followed by negotiations to discuss the province's future.

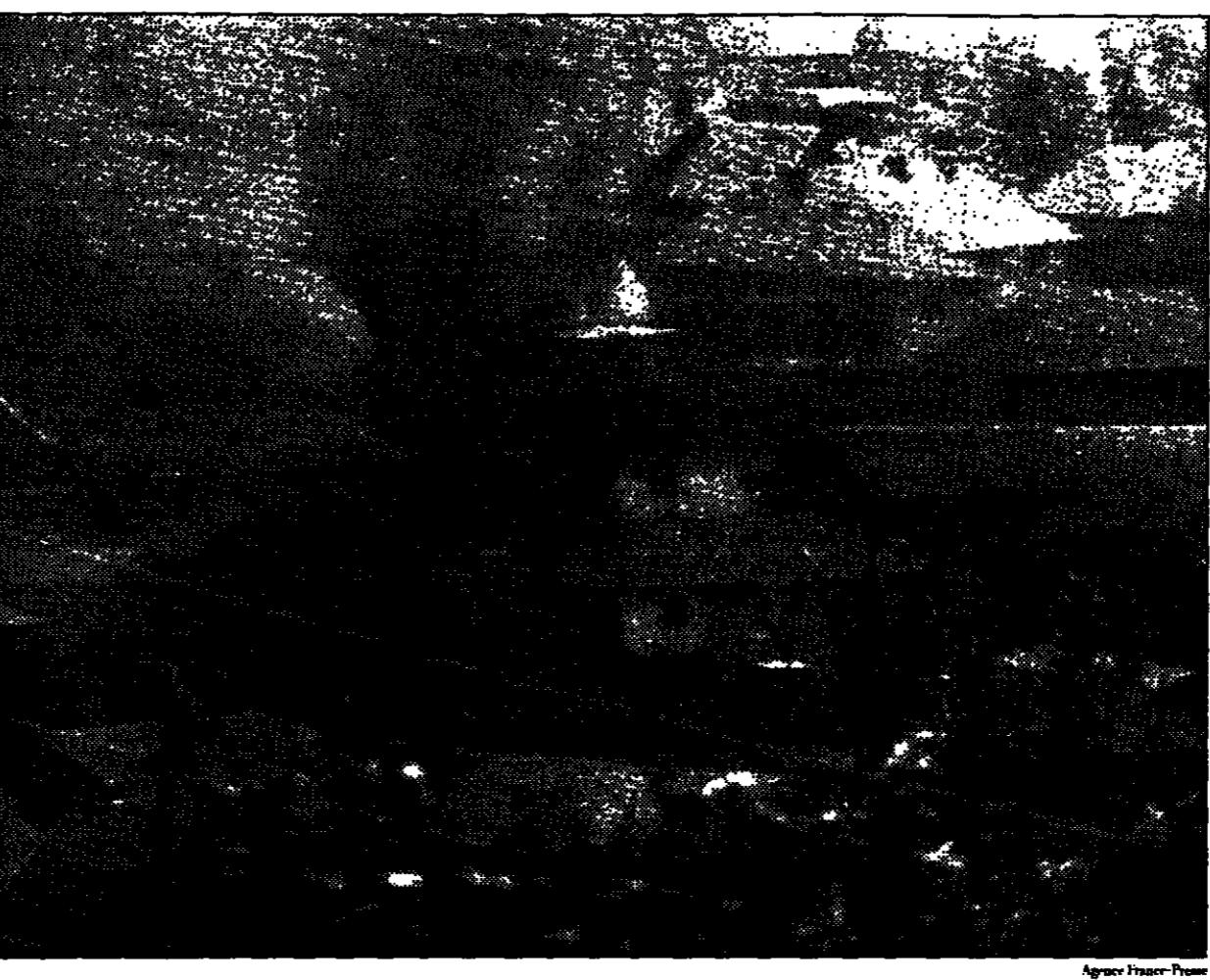
Mr. Gelbard also met with Serbs from Kosovo on Monday but would not comment on the discussions.

Serbs said after the brief meeting that they had been invited to Washington in September for further talks.

Serbs battled militant separatists for a central Kosovo town for the third day running on Monday, sending thousands of refugees fleeing deeper into guerrilla territory, ethnic Albanian sources said.

The fighting for the town of Orahovac was reported by the daily *Kota Ditoro* and the Kosovo Information Center, which is close to the leadership of the ethnic Albanian majority in Kosovo.

The newspaper said that 25,000 refugees had arrived from the Orahovac area to Malisevo, deeper in the 30 to 40 percent of the territory believed held by the Kosovo Liberation Army.



Agence France-Presse

Smoke billowing from homes in Orahovac testifies to heavy fighting for the Kosovo town over the weekend.

Riding High, President Places His Trust in Future

President Valdas Adamkus of Lithuania, 72, has just marked six months in office.

Lithuanian by birth, he spent 50 years of his life in the United States, where he was a senior official in the Environmental Protection Agency before returning to Lithuania to be a candidate in his third presidential election.

He spoke with Justin Keay for the *IHT*.

Q. How do you measure Lithuania's progress since independence in 1991?

A. In 1972, I returned to Lithuania for the first time since my childhood. The first thing I noticed was that people never had smiles on their faces.

For me, coming from the free world, that — fear was the most depressing thing of all. Since then, I visited regularly, so I was able to measure the changes, after Brezhnev, right up to the break.

I feel today we are regaining the confidence of Western partners, which is vital to the rebuilding of the economy. In the last three months, in particular, investor interest has been significant.

We hope this year's privatizations will lead to a doubling of foreign direct investment [from \$1 billion at the end of 1997]. We are cutting bureaucracy, and

Q & A / Valdas Adamkus of Lithuania

the currency remains stable, which encourages confidence.

This is not to say all our problems are solved. The tax and legal system remain problematic, and we face some worrying social issues.

Q. What motivated you to run for president?

A. I felt, after being a regular, well-known visitor, that I had a moral obligation to people. I felt my U.S. experience would help us in getting rid of the bureaucracy, opening up society and introducing free market ideas.

I felt that without any political baggage, I would be well-placed to help the people of Lithuania.

I feel now the decision was absolutely right.

Polls show I have unbelievable support.

Q. What are Lithuania's main priorities?

A. My main domestic priority is to improve living standards for everyone. That means jobs and an improved social structure.

Also, over the next few months, we will speed privatization in most areas of the economy.

Foreign policy-wise, we want to be members both of NATO and the European Union.

We satisfy many of the requirements, especially that of good relations with our neighbors. Relations with Poland are the best in our history. I have met three times with the Polish president, and he is openly supporting our candidacy.

Relations with Russia are vital, and I feel we are making good progress.

Q. In London last month, Russia's foreign minister, Yevgeni Primakov, explicitly spelled out his opposition to the Baltic republics' joining NATO. Does this concern you?

A. Primakov visited me on his return from West Europe recently, and diplomatically avoided mentioning this. I realize Russia is opposed to our membership, but it realizes, too, that we are not about to become members tomorrow.

I believe that when the decision comes, Russia's attitude to NATO will change. NATO is interested in an inclusive global security system, which is what we are all looking for. Other security agreements simply will not work.

I want membership for all three Baltic states. I don't think individual, bilateral approaches are good.

Q. How about relations between the Baltic States?

A. I am taking steps to create closer ties, that will take all three closer to the Scandinavian business world.

At the moment people talk of Five Plus Three [the five Scandinavian and the three Baltic countries]. I would like instead to be the Northern Eight. I think closer cooperation will happen.

Q. Lithuania, like other countries of the former Communist bloc, faces many unresolved issues from the past — for example, the wartime massacre and deportation of Vilnius' once large Jewish population. What steps are you taking to resolve them?

A. I am a full supporter of the legal process.

Q. I would like to see the center of Judaism in Lithuania restored, and am considering building a Jewish center to enable people to come and learn about the past.

All three Baltic states should establish international committees to invite people from around the world to look closer to the past.

Q. I am a full supporter of the legal process.

Q. Let history evaluate us, and this should heal the wounds. However, we have to live with the past. Our hopes now are for the future.



Jack Starkey/Agence France-Presse

Valdas Adamkus, a U.S. citizen who felt call to return to his roots.

enable people to come and learn about the past.

All three Baltic states should establish international committees to invite people from around the world to look closer to the past.

Q. Let history evaluate us, and this should heal the wounds. However, we have to live with the past. Our hopes now are for the future.

BRIEFLY
Belgian Detention In Pedophilia Case

BRUSSELS — The police detained a leading member of an anti-pedophile group Monday, apparently after he refused to hand over files the group says it possesses on an international child-sex ring.

Marcel Verloessem, the leader of the group — called Morkhoven, after the village in northern Belgium where it is based — was taken in for questioning.

Dutch police asked Belgian colleagues to investigate Morkhoven after the discovery of computer disks containing images of sexual abuse in an apartment in the seaside town of Zandvoort in the Netherlands. The apartment belonged to a German convicted pedophile, Gerrit Ulrich, who was slain in Italy last month. Italian police are holding a Belgian man on suspicion of killing him.

On Saturday, Morkhoven reportedly refused to hand over its files to Dutch police. The group said it had been unfairly accused of breaking into Mr. Ulrich's apartment. Morkhoven contends that the files were handed over by Mr. Ulrich's family. (AP)

French Sail Legend Is Confirmed Dead

PARIS — The family of Eric Tabarly, the drowned French sailing legend, said Monday that a body found last week in a fishing boat's haul off the Irish coast had been identified as his.

The body was due to be cremated in Ireland on Monday and his ashes were to be returned to the family in Brittany, said Gerard Petitpas, a friend of the family.

Mr. Tabarly, 66, a hero in France for his trans-Atlantic racing exploits, fell overboard from his yacht Pen Duick off the coast of Wales a month ago. (Reuters)

Accord Reached By Dutch Coalition

THE HAGUE — Queen Beatrix of the Netherlands has asked acting Prime Minister Wim Kok to appoint a new cabinet, ensuring the continuation of his coalition of the Labor and Liberal parties and the centrist party Democrat 66, the ANP news agency said Monday.

The coalition was given an increased majority in elections on May 6. Over the weekend, the three parties reached agreement on their program for the next Parliament, and on Monday they presented their report to the queen, recommending that she appoint Mr. Kok to form the government. (Reuters)

Turk Threatens Cyprus Conflict**Greek Missile Plan Condemned**

REUTERS

NICOSIA — The Turkish prime minister, Mesut Yilmaz, warned Monday that plans by Cyprus to acquire anti-aircraft missiles could lead to renewed conflict between Greeks and Turks.

"Greece and the Greek Cypriots have not learned the lessons of history. I want to point out that the events of 24 years ago remind us how dangerous this is," Mr. Yilmaz said to reporters in northern Cyprus.

Mr. Yilmaz was visiting Cyprus to mark the anniversary of the Turkish invasion. Turkish troops landed on the island in 1974 in response to a Greek Cypriot coup backed by Greece.

Cyprus has been divided into two rival sectors since then, despite frequent efforts by international mediators to reunite it.

Tension rose after the Cypriot government announced plans last year to buy S-300 anti-aircraft missiles from Russia. Turkey, which keeps 30,000 soldiers in northern Cyprus, has threatened to use force to prevent the missile installation.

"We will not refrain from taking every kind of precaution," Mr. Yilmaz said after meeting the Turkish Cypriot leader, Rauf Denktaş.

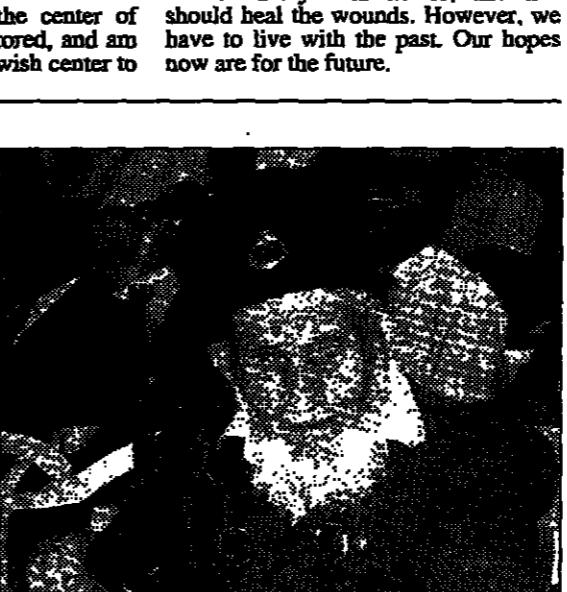
The Greek Cypriot president, Glavkos Klerides, said Sunday that Cyprus would continue to bolster its defenses as long as efforts to reunite the island were stalemated.

The foreign minister, Yiannakis Kasoulidis, said the government would lodge protests with the United Nations against the arrival in northern Cyprus of six Turkish Navy ships and an Air Force display team for the anniversary.



EPA/Associated Press/Agence France-Presse

A man and woman crying during a Greek Cypriot demonstration on Monday in Nicosia. The man holds a picture of a missing relative. At right, at a Turkish Cypriot commemoration of the invasion, also in Nicosia, an aged war veteran displayed his pistol and rifle.



Marwan Naamani/Agence France-Presse

economically with the self-declared Turkish Republic of Northern Cyprus if the Cypriot government joined the European Union.

The European Union's current plans call for admission of Cyprus before Turkey.

Turkey is the only country that recognizes Mr. Denktaş's Northern Cypriot government as sovereign.

Mr. Yilmaz repeated Turkish threats to integrate

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INTERNATIONAL

In Ulster's Logic, the Quinn Boys Were Just Catholic Enough to Be KilledBy Warren Hoge
New York Times Service

BALLYMONEY, Northern Ireland — Christine Quinn, a 29-year-old Roman Catholic, lived in a drab housing project where the only religious colors displayed were the red, white and blue of Protestantism.

So, she sent her sons, Catholic by heritage but never baptized, to an all-Protestant primary school. "I brought them up as Protestants because their fathers were Protestants and because we were living on a Protestant estate," she explained. "I thought it was the right thing to do. I didn't want them to feel different."

But they were different enough for the Protestant arsonists who threw a gasoline bomb into their living room window. Now their two-story house, the only one on the block not to fly the Union Jack, stands out from the others even more because it is the only one with boarded up windows and an ugly black smear of soot rising above its doorway.

And three of Miss Quinn's four boys are dead,

symbols of a reality of the sectarian violence here: All it takes is a trace of one religion's background to make someone an enemy in the numerous minds of people from the other side. Miss Quinn, her 31-year-old partner, Raymond Craig, and an 18-year-old friend escaped the flames July 12 by hurling themselves out a downstairs window. But the three boys, Richard, 11, Mark, 10, and Jason, 9, were trapped inside and burned to death in their beds.

ANALYSIS Their killings brought expressions of horror from around the world, and so stunned Northern Ireland that a province-wide rampage of rioting, over a ban on a Protestant parade through a Catholic area, abated as mainstream Protestant and Catholic leaders sought to revive the spirit of a landmark peace accord signed in April.

But places like North Antrim, the densely Protestant part of Northern Ireland where the Quinns lived, offer evidence of how difficult it is to dispel hatreds on the ground. Catholics account for more than 45 percent of the province's

overall population, but in many communities in this region they make up less than 10 percent. They become particularly watchful in July, when the Protestant marching season sends the men of the Loyal Orange Order of Portadown out into the streets in their bowler hats, and more sinister supporters of the Protestant cause commonly resort to violent action like arson.

Besides the Quinns, there were a half dozen other Catholic families in the Carnmoney housing project, and a number of them reported last week that they had gone to sleep every night this month with fire extinguishers by their bedside and garden hoses attached to sink faucets. Many of them had received letters carrying a single bullet and a brutally scribbled warning to get out.

"I never got one, and I thought we were all right," Miss Quinn said. Her uncle, Robert Patterson, 53, says he knows she was worried though. "She told me kids to come home early," he said. "She had a feeling that something was going to happen."

The boys parked their bikes by the fence, where they still stand immobile today, and went

upstairs to bed by midnight. Taking care, Miss Quinn stayed awake and watchful until 3 A.M. The arsonists struck at 4:30.

What had kept the boys out late is poignantly emblematic of how comfortable they felt in the local Protestant culture (however uneasy Catholics adults may feel). They were frolicking at a bonfire, one of the many that light up the sky this time of year in commemoration of the Battle of the Boyne in 1690, when the Protestant King William defeated James, a Catholic. July 12 is the most important date on the Northern Irish Protestant calendar, and it is the day the three Quinn boys died for having been born Catholics.

And in the aftermath of their deaths, every block of the Carnmoney housing project now has moving vans on it. The people fleeing are like the Quinns, people who dared to mingle the province's two warring communities.

The boys, known by the impish nicknames of Tavish, Marky and Ace, are remembered with fondness by people in the project, including Protestants.

"They were just three tearaway wains," said

Margaret Thompson, using a Scottish term for children common in this area where many Protestants trace their background across the North Channel.

"They got into devilment, but they were not bad. They were just full of life and carry-on."

Two teenage neighbors, Andrea Ramsey and Amanda McAlonan, also Protestants, remembered how the boys loved to surprise them with kisses and then sprint off. "They were just playful, lovable wee devils," Amanda said.

The two girls composed a poem for the boys' Requiem Mass last Tuesday, prompting a burst of emotional applause from the Catholics and Protestants who packed the church. Titled "Tribute to Three Jolly Fellas," it concluded with the lines:

*I can still feel the cold, wet lips of when I kissed you and then you ran away.
So I guess the next few lines are going to have to be goodbye.
I miss you so much, your little lips long to touch.
Kisses and hugs. Rest in peace.*

Israel Said to Seek Shifts On a West Bank Pullout*The Associated Press*

TEL AVIV — Israeli and Palestinian negotiators met privately Monday in a second round of discussions aimed at reaching agreement on an American peace initiative.

A television news report said that Israel was suggesting several changes to the U.S. proposal.

The latest meeting, held at a kibbutz near Jerusalem, came one day after the two sides held their first high-level talks in months.

The talks were urged by the United States, which after long mediation failed to get Israel to agree to withdraw its troops from 13 percent of the West Bank.

The Palestinian leader, Yasser Arafat,

Bonn Opposition Decries Planned Holocaust Shrine*The Associated Press*

HAMBURG — A book publisher designated to be the top adviser on cultural affairs if the opposition candidate Gerhard Schroeder succeeds Chancellor Helmut Kohl in September spoke out Monday against the planned national Holocaust memorial in Berlin.

The publisher, Michael Naumann, said at a news conference in Potsdam, near Berlin, that it was much more important to take care of the crumbling concentration camps and their museums, where the horrors of the Holocaust are more directly preserved.

"I fear that a nation that displays the biggest crime of its history as an elegant, chic statue will sometime have to be accused of shameless," Mr. Naumann told Die Welt newspaper.

Jewish leaders maintain that the memorial will send a message to the world about Germany's willingness to atone for its Nazi past.

The head of Germany's Central Council of Jews, Ignatz Bubis, criticized Mr. Naumann's stance in an interview to appear in the *Tagespiegel* daily on Tuesday.

"If that is supposed to be the big vision of the culture man in the federal government, all I can say is: poor culture," Mr. Bubis said.

Mr. Schroeder backed Mr. Naumann at the Potsdam news conference, saying that his and Mr. Naumann's positions on the Berlin memorial were very close.

Mr. Naumann, currently the chief of Metropolitan Books-Henry Holt Inc. in New York, was named by Mr. Schroeder over the weekend to be his cultural affairs adviser if his Social Democrats win the Sept. 27 parliamentary election.

Mr. Naumann would coordinate the budget of 1.3 billion Deutsche marks (\$720 million) that the federal government spends annually on culture, including memorials.

The national Holocaust memorial project has been debated for more than a decade, with argument over its design, location and purpose.

Germany's best-known living author, Günter Grass, is among those who want the project scrapped, arguing that an atrocity such as the Holocaust cannot be remembered in a single monument.

Mr. Kohl rejected the winner of the first design competition in 1995, but has said that he remains committed to the project, which beckons hope to build in 1999 with federal, city and private funds.

who accepted the American proposal in January, reported there was no progress in the weekend meeting.

But Prime Minister Benjamin Netanyahu, who has said a 13 percent withdrawal would be dangerous to Israel's security, insisted Monday that an accord was possible.

The chief Palestinian negotiator, Saeb Erekat, said that Israel did not accept the U.S. initiative at the Sunday talks.

He said the Palestinians had told Israel that the percentages in the American pullback plan were "nonnegotiable."

Israel's Channel 2 television reported that the Israeli delegation was proposing to carry out a 10 percent pullback and turn the additional 3 percent into "nature reserves" to be watched over by both sides.

Israel has also demanded that Mr. Arafat convene the 460-member Palestine National Council, as he did in 1996, to reaffirm the deletion of sections in the PLO Charter that call for the destruction of Israel.

But Channel 2 said that Israel would now agree to a ratification of the changes by the smaller 100-member PLO Central Committee, which would be easier to convene and more likely to approve the changes once again.

The Central Committee approved the historic 1993 Israeli-Palestinian peace accords.

Defense Minister Yitzhak Mordechai, who presided over the Sunday meeting, said he recognized that the sides were "not close to a breakthrough."

"There is a lot of work," he said. "I don't want to create any illusions. There are still issues that require decisions to be made on them."

PLANTS: Europeans Shunning Genetic Engineering on the Farm

Continued from Page 1

patch of organic potatoes on his farm just south of Zurich. "A bunch of people are trying to get rich by telling us that nature isn't good enough and that we will have to take genes out of a fish and put them in a strawberry if we want to survive. They are changing the basic rules of life, and they want to try it all out on us."

"Maybe they will get their way," he added, referring to the failure of a recent national referendum here on curtailing genetic engineering. "It happened in America. But it won't happen on this farm. Here we are going to live like God intended."

Prince Charles of Britain recently voiced a common sentiment when he announced that no genetically altered food would ever pass his lips. "That takes mankind into realms that belong to God, and to God alone," he said.

The debate here about how — and whether — to unleash the most powerful tools of modern biology says much about the cultural and philosophical differences between pragmatic and risk-ready America, where genetic technology that focuses on food has largely been accepted, and the far-more reticent people of Europe.

But it says more than that, because what happens to crops from Bialystok, Poland, to Bruges, Belgium, will have major consequences not just for farmers, but also for industrial policy and for fields like medicine, agriculture and pharmaceutical research.

Europeans do make distinctions. They see genetic engineering in the pursuit of better medicine as worth a few moral doubts, and like many Americans, they are profoundly unsettled about the prospect of such research involving humans.

Yet often the differences between research in plants and animals are completely blurred by sensational events.

The cloning of an adult lamb in Scotland



Israeli police arresting ultra-Orthodox Jews on Monday for disrupting road building near ancient graves. The men denounced what they called desecration of Jewish graves; archaeologists have yet to identify the bodies. *Brian Harkin/Reuters*

Syria Calls for Trials

Syria called Monday for the new International Criminal Court to try Israelis as war criminals, *Agence France-Presse* reported from Damascus.

This call came after the Saturday vote in Rome to create an international court to

try war criminals. Settling people in occupied territory was labeled a war crime.

"Israeli settlement activity is a form of 'ethnic cleansing,'" the Syrian government newspaper *Tishrin* charged, adding: "Israel's crimes are countless and must be punished by the international court."

About 320,000 Israelis have settled in the Gaza Strip and the West Bank, including East Jerusalem. More than 13,000 have settled on the Golani Heights. All were occupied in 1967.

The court's jurisdiction will be exercised only if the country in which the crime occurred has ratified the treaty.



Kaspar Gunther checking the crop at his technologically barren but organic farm near Zurich. *Michael Spencer/The New York Times*

two years ago only deepened fears people already had.

There are many ways to explain the European conservatism, a strong environmental movement rooted in the 19th century philosophy that nature is as wise as man, a fear of drastic change and the unusually large number of small farms still run by families who are reluctant to end practices that have been honed over centuries.

Recent history also plays a role, for in this part of the world the uses of genetics have not always been benign. In almost any discussion the dark but recent past comes up.

"The shadow of the Holocaust is dense and incredibly powerful still," said Ar-

maceutical giant that has energetically begun to move into food production. "We have enough food in Europe. So that's not really an issue. That lets them fight to keep everything forever the way it is now. They move ahead by looking backward. It is so very egotistical."

All farmers try to grow crops that resist disease and last long enough to arrive safely at the market. The task is obvious but not simple. Officials at the UN World Food Program estimate that up to 40 percent of the world's crops are destroyed as they grow or before they leave the field. Attempts to find a way to protect them have therefore been intense.

Scientists can now tell with precision which of 50,000 genes in a plant governs a particular trait. If it is beneficial, they can take that gene out of one species — something that wards off a common insect, for instance — copy it and put it into another organism, which, along with its offspring, will then have a genetic structure that aids resistance to such pests.

In a way, that is nothing new. For centuries farmers have been trying to breed crops to make sure that the biggest and best survive.

"What is this 'mad' science?" asked Joseph Zek, who is paid by the American Soybean Association to try to calm European fears about how soy products are grown in the United States. "It is just another step in the history of agricultural technology. It falls in the same line as when tractors replaced the horse. It's like when fertilizers came into the picture and when we moved to breeding to make a better product."

But consumers often see it as tampering with their food. And in Europe, where regulatory bodies are not nearly as powerful or as respected as the Food and Drug Administration is in the United States, the fact of manipulation drives people crazy. In addition, "mad cow" disease, which exposed fundamental

flaws in food-safety regulation, reminded people that science is never infallible.

"I am sure all this food is safe and that there might be some promise to it," Liane Weller, 31, an accountant in Zurich, said. "If it helps poor people somehow, I'm all for it. But I would never feed something to my children that is not natural. It feels wrong to me. I guess, because if we make a mistake on this level, there is no going back. Saying we were wrong isn't going to be good enough."

Despite enormous experience that shows the crops are safe to grow and eat, fundamental questions do exist about the possible uses of such technology.

There are dozens of varieties of genetically modified seeds — corn, soybean, potato and cotton are examples — that have been planted in the United States. Many more are on the way.

Soybeans that have been modified to tolerate an herbicide have revolutionized one of the world's most important crops. And, yes, it is now possible to take a gene from certain fish, which permits it to tolerate the extreme cold of the deep ocean, and insert it into a strawberry.

"Who wouldn't feel a little strange about all of this?" asked Monsignor Elio Sgreccia, president of the Vatican Bioethics Institute, which closely follows debates about genetic technology.

Under General Abacha, Nigeria was shunned internationally as a pariah state; his death appeared to offer a fresh hope of establishing democracy.

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Using Taxes As Stick, U.K. Aims to Cut Car Travel

By Tom Buerkle
International Herald Tribune

LONDON — In an ambitious attempt to reverse the traffic growth that is choking Britain's cities and clogging its highways, the government announced broad plans Monday to impose new taxes on cars entering crowded urban areas, bolster spending on bus and rail services and even encourage parents to walk their children to school.

John Prescott, deputy prime minister and minister for transportation, said Britons needed to radically change the way they traveled to work, schools and shops to avert national gridlock in the 21st century. Road traffic has doubled over the last 25 years and could rise by a further one-third in the next 20 years without reform, he said.

"You can build more and more motorways, and they fill up as fast as you build them," he said. "What we need to do is use cars less and public transport more."

The most controversial element of the proposals aims to reduce traffic through so-called congestion pricing. Local governments will be given powers to charge drivers entering crowded urban areas and to experiment with rush-hour charges on busy highway routes.

They also will be allowed to levy a tax on businesses that provide employee parking spaces. The measures could raise up to £1 billion a year.

But putting these plans into practice is likely to be dragged out by various reviews, a fact that underscores the political sensitivity of the issue.

The government held up the transportation proposals for several months, partly because of disputes over new taxes, and after intense business lobbying, the plans excluded earlier suggestions for taxing parking spaces at suburban shopping centers.

"It could be the next poll tax on wheels," Edmund King of the Royal Automobile Club said of the plan, referring to an unpopular tax that contributed to the downfall of Prime Minister Margaret Thatcher.

The plans, which incorporate ideas gaining ground in many parts of Europe, amounted to the biggest effort yet by the government of Prime Minister Tony Blair to deliver on long-standing Labour Party goals of improving

EDITORIALS/OPINION

Herald Tribune
INTERNATIONAL
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST**Risky Uranium Deal**

An ingenious arrangement that has encouraged Russia to convert its stockpiles of bomb-grade uranium into much less dangerous civilian reactor fuel and earn precious cash in the process could soon be undone. The Clinton administration, in a move that could easily disable the arrangement, is planning to sell off the United States Enrichment Corp., the government-owned company in charge of buying the Russian uranium.

As a private, profit-making business, the Enrichment Corp. will have strong incentives to walk away from the Russian deal, which competes with its more profitable core businesses. There are just a few days left before the sell-off becomes final. Vice President Al Gore, who helped negotiate the Russian uranium deal, or President Bill Clinton could stop it and should.

Under the arrangement with Moscow, Russia blends down its bomb uranium to reactor fuel and sells it to the Enrichment Corp. Moscow is paid for its blending services in cash and also receives offsetting amounts of natural uranium, a much less dangerous material, to compensate it for the underlying value of the uranium that it turns over to the United States. This scheme depends on Washington's ability to insulate uranium prices against adverse market trends. That leverage

— THE NEW YORK TIMES

Hands Off the Surplus

President Bill Clinton said again that if we Americans are going to have a budget surplus, then "we ought to make sure we've got a long-term plan to save Social Security before we squander that surplus on tax cuts." He is right — and he defined what likely will be the major issue for the rest of this Congress.

The Republican leadership wants, if not to enact, at least to hold a vote on a sizable tax cut before the November election. But under the rules they have to find a way to pay for it, and they lack the votes for either the spending cuts or offsetting tax increases that would be required. That leaves the projected Social Security surplus, all the more tempting a target after the Congressional Budget Office raised its estimates last week.

The new estimate is large enough to take care of Social Security and finance a tax cut, both at the same time, said the House speaker, Newt Gingrich. He laid out a tax cut wish list. Eliminate the so-called marriage penalty, whereby some two-earner couples end up owing higher taxes married than they would single; cut the capital gains tax; phase out the estate tax, and let the self-employed deduct the full cost of their health insurance.

"You cannot afford to leave \$1.6 trillion" — the long-range surplus estimate — "in Washington, D.C., where they will spend it," Mr. Gingrich said. "And so here is a package that gets it all back home.... This is a total winner for us politically."

But the kind of tax cut he has in mind

— THE WASHINGTON POST

Campaign Finance, Again

The House of Representatives has again taken up the issue of campaign finance reform. Under pressure from principled members of their own party, the Republican leaders have dropped some of the tactics used to block consideration of the Shays-Meehan bill, but it still has a long way to go before it gets the promised up-or-down vote.

The bill, named for Representatives Christopher Shays and Martin Meehan, would ban the "soft money" that allows unlimited special-interest contributions to political parties. These contributions have rendered meaningless the Watergate-era laws limiting contributions to candidates. Opponents have been trying to smother Shays-Meehan in proposed amendments that would delay final consideration indefinitely. But last week the sponsors and the House leadership announced an agreement that would reduce the number of amendments to 55. Total debate will be limited to 17 hours, a deadline that should bring about a final vote before the House recesses Aug. 7.

Passage by that date is essential if the measure is to have any chance of getting through the Senate this term.

But the bill faces a second set of obstacles. Under a rule imposed by the House leadership, it also must get more support than a number of competing campaign finance bills waiting on the

— THE NEW YORK TIMES

Herald Tribune

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Before All Else, Japan Must Restore Confidence

By Gregory Clark

TOKYO — The conventional wisdom says that Japan's voters have turned against a do-nothing prime minister and want serious economic reform. The conventional wisdom gets it wrong, again.

If anything, Prime Minister Ryutaro Hashimoto and the people around him were too active. Their rapid-first-announcement of policies to cope with economic problems encouraged an initially apathetic electorate to see the July 12 upper house election as a vote of confidence in the economy. Put in those terms, the verdict had to be thumbs down. The voters have little idea of what needs to be done.

True, the economic slump does seem puzzling and the temptation to blame the government is strong. Japan has had seven years to recover from the collapse of its "bubble" economy. Accumulated savings, both personal and national, far exceed bad bank debts, government debts or any of the other deficits that are supposed to plague Japan. Its manufacturing sector remains as world-beating as ever.

The puzzle is solved when psychological factors are considered. The Japanese save for a variety of reasons — worrywart concerns about the future, a lack of interest in lifestyle spending and

so on. This means a chronic lack of domestic demand, a problem for Japan even in the best of times.

Demand is further cut by post-bubble pessimism and declines in asset values, which push the economy down — which further encourages Japan's emotional consumers and investors to spend even less, which pushes the economy even further down. Unbelievably low interest rates, government exhortations and tax incentives all fail to shake the mood of national gloom.

One obvious solution to the downward spiral is for the government to do the spending that the private sector abhors. But on the advice of the "experts," both domestic and foreign, the government last year set out to do the exact opposite. It raised the unpopular consumption tax, promised to drastically cut government spending and allowed major banks and securities companies to go bankrupt.

Many of these reforms were theoretically correct, just as the fiscal policies that triggered the Depression had a kind of logic, too. The timing just happened to be bad. Japan's economy has been in a coma ever since.

To their credit, the people around Mr. Hashimoto quickly realized the mistake and set out to reverse course. But that was like trying to make a supertanker do an about-face in a choppy sea. The ship then ran into an iceberg, the election. Now it has no captain.

True, a change in prime ministers could be as good as anything in helping lift the blanket of pessimism. But the revived opposition parties now have an interest in blocking economic recovery so they can improve their chances in the next lower house election.

Meanwhile, most of the experts have yet to realize where they got it wrong. Having urged fiscal discipline last year, they now flog the government for its reluctance to cut taxes deeply. Tax cuts happen to be the weakest tool for economic revival, since their effects are delayed and much money ends up simply as surplus savings anyway.

The experts continue to urge immediate deregulation and restructuring, despite obvious evidence that the private sector will become even more tightened if there are any more bankruptcies. They have yet to learn that in an economy like Japan's, reforms can come only after confidence has been restored.

They blame the government for the weak yen. Yet the two measures they

urged on the government to revive the economy — minimal interest rates and Big Bang deregulation of financial transactions — guaranteed that the yen would weaken.

Much of the reason for this bad advice is a mind-set that any recovery should be based on private rather than government initiative. That is understandable given the corruption and waste in much government spending. But in that case the experts should pay more attention to land policy, the one area where deregulation and tax cuts could easily spark a recovery led by the private sector.

A recovery could soon turn into a boom, as the people who made fortunes from land during the bubble years rush to break open their savings and seek to make yet another bundle.

Indeed, real estate prices have already fallen enough to attract foreign investors. But Japan's herd-instinct investors will not move until they are sure that prices are rising — and so the downward spiral continues. Immediate and massive injection of public funds into the economy is the only answer.

The writer, a former Australian diplomat, contributed this comment to the International Herald Tribune.

A Little Tough Love From Clinton and Greenspan Is Needed

By Bruce Stokes

WASHINGTON — In the last few days, the political instability in Tokyo has fed Clinton administration officials to pull their punches, lest they trigger a collapse of the yen and new turbulence in equity markets.

But now is not the time for faint-heartedness. The global financial system is teetering on the edge of the abyss, and fixing the Japanese economy is the only way to avoid disaster. Now is the time to apply new pressure on the Japanese government to finally institute meaningful economic reform to end its recession. The Clinton administration may never again have such an opportunity.

In the next few days, Washington needs to make two phone calls to Tokyo. And the message has to be tough love.

As soon as the ruling Liberal Democratic Party chooses its new leader, President Bill Clinton needs to call the presumptive new prime minister. Noting that the press called

Ryuichiro Hashimoto the Herbert Hoover of Japan, Mr. Clinton should advise the new Japanese leader that he can be Japan's Franklin Roosevelt.

To gain public confidence and to signal the end of business as usual, Mr. Clinton should advise the prime minister to give a "fireside" talk to the nation.

The new Japanese leader should say that Japan faces its worst danger since 1945 and stress that the solution will require sacrifice, including large amounts of taxpayers' money.

Mr. Clinton must insist that this rhetoric be backed by a major new economic stimulus package. In a forthcoming study, Adam Posen of the Institute of International Economics recommends an infusion of 20 trillion yen, roughly 4 percent of the Japanese gross domestic product.

Much of the stimulus should come in the form of a cut or limitation in the scope of Ja-

pan's consumption tax. Exempting new housing or cars from the sales tax would ensure that money injected into the economy was actually spent and not just tucked under the futon.

Mr. Clinton must firmly reject the likely protest that Tokyo has already tried fiscal stimulus to no avail. In fact, the seven stimulus packages that Japan has undertaken in the 1990s delivered less than half their announced amount, averaging less than 0.6 percent of GDP. By comparison, in the last three decades major fiscal initiatives by other industrial nations in economic slumps have averaged 2.2 percent of GDP.

The second call should be from Federal Reserve Chairman Alan Greenspan to the head of the Bank of Japan. Mr. Greenspan should tell his counterpart to turn on the printing press to ward off deflation.

Moreover, Mr. Greenspan should insist on no delay in cleaning up the more than \$600 billion in bad loans on Japanese banks' balance sheets. He should point out that financial markets are driven by symbolism and that the surest sign of change would be to let some big bank fail. Since Tokyo lacks sufficient auditors and bank inspectors, Mr. Greenspan should offer a bankers' Peace Corp — for foreign expertise — to help.

Then Mr. Greenspan should drop the boom, exercising the leverage necessary to ensure that his and the president's calls are taken seriously.

Citing his responsibility to protect American depositors in U.S. banks, which have great exposure to essentially bankrupt Japanese financial institutions through the interbank lending market, Mr. Greenspan should tell his counterpart that he has 30 days to clean up Japanese banks' balance sheets or the Fed will begin to raise interest rates.

Moreover, Mr. Greenspan should insist on no delay in

business in the United States.

Such a threat would dramatically drive up Japanese banks' cost of borrowing globally, forcing Japan's economic elite to pressure the new leader to act.

These calls carry some risk. Leaning on Japan now could cause international currency and stock markets to tank. But the gamble is not nearly as risky as it appears.

History suggests the new Japanese government will equivocate instead of taking bold action. And, if Japan fails to reverse course, the consensus on Wall Street is that the yen will inexorably weaken, slowly pulling down the rest of Asia and eventually America.

For the Clinton administration, not making these calls only delays the inevitable. Making them now might avoid the unimaginable.

The writer, a senior fellow at the Council on Foreign Relations, contributed this comment to the Herald Tribune.

America's Humiliating, Stubborn Performance in Rome

By Anthony Lewis

UMBERTIDE, Italy — When the Rome conference agreed on a charter for an international criminal court, after a month of tense debate, attention focused on the compromises and the politics. But what happened in Rome last week was more important than the details. I think it will be seen as a turn in the road of history.

We live in a world following the Cold War," Mr. Scheffer said, "where mass killings, mass rapes and other atrocities are occurring with shocking frequency. The rule of law, which the United States insisted on a vote — and was humiliated. The vote was 120 to 7 for the treaty without further amendment.

In the end the United States insisted on a vote — and was humiliated. The vote was 120 to 7 for the treaty without further amendment.

Mr. Scheffer argued that, as a superpower with forces around the world, the United States might become the target of political prosecutions.

If the court had existed during the Gulf War, for example, Iraq might have called for prosecution of American soldiers there.

The concern is fair enough. But the treaty as drafted goes very far to meet it. No case can be brought in the international court if there has been a genuine investigation and consideration of domestic prosecution by the country of the suspect's nationality.

There are numerous procedural steps to delay or halt

a trial. It fought to weaken the court, using hard-boiled tactics to try to bring American allies around to its position.

In the end the United States insisted on a vote — and was humiliated. The vote was 120 to 7 for the treaty without further amendment.

The United States has been a staunch supporter of the ad hoc war crimes tribunals for former Yugoslavia and Rwanda — tribunals that are increasingly effective. How, then, did it end up in Rome in a tiny negative minority?

For the great disappointment at the Rome conference was the performance of the United States. It fought to weaken the court, using hard-boiled tactics to try to bring American allies around to its position.

Mr. Scheffer argued that, as a superpower with forces around the world, the United States might become the target of political prosecutions.

It could have embraced the outcome in Rome as a victory for American principles — and then, if the Senate said "no," waited for time to bring us in. After all, it took 40 years for the Senate to ratify the convention against genocide.

The United States insisted that prosecution of a citizen of a state that has not signed and ratified the treaty be barred unless it consented. But others thought that would weaken the court's legitimacy.

It would have prevented the prosecution of Saddam Hussein for war crimes his forces committed in Kuwait — unless he consented.

It was puzzling that the United States so misjudged the mood — the commitment — of its friends. Countries that have suffered from tyranny, among them Germany and Argentina and South Africa, spoke with special authority. There are numerous procedural steps to delay or halt

the trial. It fought to weaken the court, using hard-boiled tactics to try to bring American allies around to its position.

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A Shield Against Nuclear Blackmail

By William Safire

WASHINGTON — Imagine you are the next U.S. president and this crisis arises.

The

OPINION/LETTERS

Stars, Bars and Hype:
Old Glory's Face-Lift

By Frank Rich

NEW YORK — A shopper at a Ralph Lauren Polo outlet store should only get a bargain as good as Ralph Lauren got in Washington. For a mere \$13 million, given by his corporation, Mr. Lauren (not worth \$2 billion, according to Forbes magazine) last week received an avalanche of publicity that would cost far more in the open market, even if you could get it wholesale.

The \$13 million was a donation to the restoration of the original 185-year-old Star Spangled Banner that hangs in the Smithsonian Institution's National Museum of American History. (The total cost of the restoration project is \$18 million. Americans should be grateful that we are not also restoring the pole.)

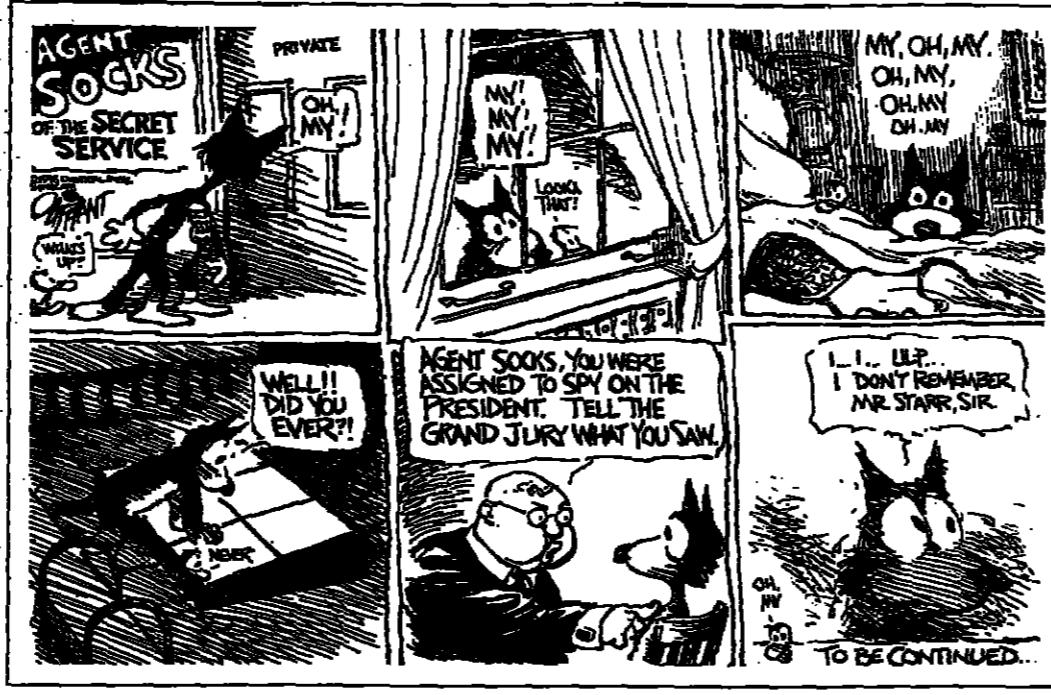
For his benefice, Mr. Lauren received around-the-clock cable news headlines wrapping him in the flag, laudatory newspaper articles nationwide and the first couple's testimonials for his products. Hillary Clinton praised Polo fashions — which are designed to make all shoppers feel like members of a restricted Anglophilic country club — as the quintessence of "American style." President Bill Clinton chimed in: "You know, most of us ... well, maybe not most of us, but a lot of us, including Hillary and me — have these great Polo sweaters with the American flag on it."

Perhaps it was such presidential exuberance about cross-promoting those sweaters (\$165 to \$195 at Polo Sport on Madison Avenue) that prompted the Smithsonian's L. Michael Heyman to say, "We've been assured that this is a philanthropic gift and not a marketing gift."

This is reassuring news coming from a museum director whose reign has included his Air and Space Museum's exhibition promoting the movie "Star Wars." Still, assuming Mr. Lauren's motives are only the highest (his gift kicks off the first lady's laudable "Save America's Treasures" campaign for historic preservation), you have to wonder what Francis Scott Key would make of such other flag-adored Polo products as Colescence Body Spray, Gel Body Moisturizer and Fine Fragrance. Does this "twilight's last gleaming" really require a deodorant?

Mr. Lauren was not alone in finding public relations profit in the flag this month in Washington. Instead, Congress is pursuing a fast and loose constitutional amendment that could lead to the criminalization of Jasper Johns paintings, AT&T's stars-and-stripes cellular phones or, perhaps, of the Christian Coalition, whose members often don non-Polo flag-modif apparel at their annual conventions. For Ralph Lauren, this law will be the proof that no good deed goes unpunished: No sooner is he celebrated for generously preserving the flag than he may find himself under arrest for defacing it by plastering its image on a tube of body scrub. Is this American justice?

The designer Tommy Hilfiger, who has given not a dime to flag preservation and whose own logo knocks off Old Glory without reproducing it, will escape scot-free. *The New York Times*



LETTERS TO THE EDITOR

American Ego Trip

Regarding "For a Bipartisan Policy of Principled Engagement With China" (Opinion, July 7) by James A. Baker 3d:

Mr. Baker says that the United States must "maintain a credible military presence in the Pacific to promote peace and stability and to guard against any other country's temptation to think in hegemonic terms."

Now if that is not an example of hegemonic thinking what is? Most U.S. foreign policy disasters — Vietnam, Lebanon and Somalia, to name just three — stem from such ego trips.

Unfortunately, this condescending attitude is not Mr. Baker's alone. He is merely echoing a sentiment accepted, and vigorously acted upon, in Washington's corridors of power since the introduction of the Monroe Doctrine in the early 19th century.

AHMED SHUMUYL.
Colombo, Sri Lanka.

Curbing Small Arms

Regarding "U.S. Joins a World Call for Small-Arms Curbs" (July 15):

Officially of 21 countries recently discussed ways to curb the trade in light weapons with nonstate actors. We represent nongovernmental organizations working to prevent the transfer of

light weapons to areas of violent conflict and welcome this initiative. We fear, however, that it addresses just one aspect of the problem.

Overt and covert transfers to abusive government forces still account for the lion's share of light weapons transactions. If this aspect of the arms trade is ignored, the lives of countless civilians — who are the true victims of today's conflicts — may be imperiled.

It is also worrisome that some governments are reportedly trying to keep nongovernmental organizations at arm's length in this process.

The Clinton administration in particular seems anxious to avoid a repeat of the partnership between governments and nongovernmental organizations that produced a ban on land mines. These tactics are not only isolating America but, by putting human lives at risk, may come back to haunt us all.

LORETTA BONDI
and KATE JOSEPH
New York.

Ms. Bondi represents Human Rights Watch and Ms. Joseph represents the British American Security Information Council for the Light Weapons Monitoring Group.

AIDS Testing

Judith Kumin, the chief spokes-

man for the United Nations High Commissioner for Refugees ("Refugees and AIDS," Letters, July 17), states that mandatory testing for AIDS should not be pursued among refugees.

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SANFORD F. KUVIN.
Jerusalem.

The writer is chairman of the international board of the Kuvim Center for the Study of Infectious and Tropical Diseases.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Killing The New Yorker With Glitz and Gloss

By Jonathan Yardley

WASHINGTON — According to Harvey Weinstein, co-chairman of a Disney offspring called Miramax Films, Tina Brown "creates the most interesting magazines, finds the hottest journalists and has her hand on the cultural Zeitgeist."

With those words Mr. Weinstein pledged his roth to Ms. Brown, who sashayed away from *The New Yorker* the week before the kiss of death to it.

The much-touted summer fiction issues published during her tenure were far less occupied with fiction per se than with the novelist as celebrity and with the inner workings of the publishing trade. She managed to reduce fiction, as she did everything else, to gossip.

That Ms. Brown pulled this off without completely alienating the magazine's core readership is tribute not merely to her guile and

transforming what had once been the best of all American magazines into yet another slick, cheap rag.

The magazine she edited was *The New Yorker* in name only, though she retained some of its quirks of typography and design.

It is true that its fiction, so celebrated in its heyday, had begun to languish long before her arrival. It is also true that she applied the kiss of death to it.

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Tina Brown brought the magazine down to her level.

resourcefulness, which must never be underestimated, but to the deep attachment that readership feels toward *The New Yorker*.

Tina Brown did not destroy *The New Yorker*; that process, like the decline of its fiction, began well before she arrived and was the consequence of forces far beyond her, or anyone else's, control.

What she did do was trivialize it. Where once it had been the topic of inspiration for serious conversation, it was never anything more elevated during her editorship than an instrument of, and a slave to, buzz. Under her aegis a magazine that had once possessed sufficient independence and integrity to tweak, even humiliate, the mighty bowed and scraped before them. It was, at its most rancid, nothing more than a showbiz-Hollywood gossip sheet, which brought it precisely to Ms. Brown's level.

That is why it is difficult to feel anything except a measure of mean-spirited glee at the news of her departure. How can — and why should? — one mourn a magazine that bears no resemblance to its true, extinguished self? All things, like all creatures, have their day. The *New Yorker*'s ended long ago. *The Washington Post*

BOOKS

SIGHT READINGS:
American Fictions

By Elizabeth Hardwick. 284 pages. \$26. Random House. \$26.

Reviewed by Michiko Kakutani

OF John Updike's literary criticism, Elizabeth Hardwick writes: "It does not hurt the shore but instead sails out in an open boat where his curiosity and great intelligence seem to sail on and on, wherever."

The same might well be said of Hardwick's own sprightly essays, collected, most recently, in "Sight Readings: American Fictions." Although most of these pieces were the result of arbitrary assignments from an assortment of publications, they are held together by the author's free-ranging, speculative intelligence and her flashing prose. Together, they provide the reader with a bright, breezy window on a century of American writing, from the novels of Edith Wharton and Henry James to the fiction of John Updike, Philip Roth and John Cheever.

Discursive in form, meditative in mood, these essays tend to meander around their subjects, as Hardwick amplifies her observations with historical analogies, personal asides and sharp aperçus. She writes with an ample knowledge of literature, scripture and pop culture, and she uses that knowledge to illuminate her subjects with witty, unexpected analogies that make her points

with panache. She can also be very funny: Mary McCarthy's thinly veiled fictional portraits of her former husband Edmund Wilson, Hardwick wryly observes, were disguises "on the order of sunglasses."

Hardwick describes such Updike sex romps as "The Witches of Eastwick" and "Complex" as Restoration comedies, full of "loose-girdled ladies, toffs, lecherous squires" and bawdy theatrics. She suggests that Philip Roth's novel "Operation Shylock" grapples with charges that has defamed the Jews, allowing us to think of him as a kind of "Richard Jewell, falsely accused in the 1996 Olympic bombing in Atlanta." She compares Gertrude Stein's demanding, repetitive œuvre to that of Philip Glass.

Her sketches of the writers themselves can be equally entertaining — and telling. Stein is described as being a "tough root" native to the Old World, while Cheever is depicted as an "Episcopalian arch" who "existed lifelong in captivity imposed by the complications of his nature, his masks, his loyalties and the protection of his talent." Of Edith Wharton, Hardwick writes: "In her fineness and talent, her glamour and worldliness, she shares in some of the renewed affection for the threatened New York City architecture of the Beaux-Arts period."

Herself a native of Kentucky, Hardwick is keenly attuned to the crucial role that place — the place where a writer spent his formative years, the place that first imprinted his imagination — plays in

shaping an artist's work. She describes Margaret Fuller as "a sort of stepchild, formed and deformed" by the rarefied intellectual world of Concord and Boston, an intellectual landscape unsuitable "not only to the fact that she was a woman who had to earn her living but to her nature."

She argues that the so-called Prairie Poets Carl Sandburg, Vachel Lindsay and Edgar Lee Masters, were indelibly marked by "birth or youth in Illinois," which left them with proprietary feelings about the country, a longing to transform its "restless genetic material" into "a hardy stock with the name 'American' on it, like a packet of sunflower seeds."

Most of these essays, for that matter, underscore Hardwick's interest in the connections between an artist's work and life, and the disparity between that life and the "life" so often depicted by biographers, a species of writer Hardwick describes, with some distaste, as "the quick in pursuit of the dead."

Although Hardwick's own essays are not blind to the "pathos of autobiography lurking" in a text, they are sophisticated in their understanding of the alchemical, imaginative transactions of art and the importance of style and craft. Indeed, Hardwick reveals herself as a shrewd, tough-minded critic, adept at both describing the delicate clockwork mechanisms that lie behind the polished face of a writer's work and giving the reader a fiercely tactile feeling for his prose.

The New York Times

CHESS

By Robert Byrne

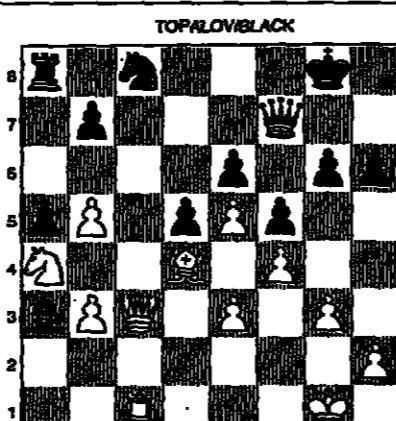
a sedate queenside opening, as he did throughout this match, smashing through when Topalov and his machine overlooked a lethal combination.

After 6...d5, the game became a Neo-Gruenfeld Defense, disputing whether the black center pawn would curb the latent power of White's fianchettoed king bishop. Exchanging pawns with 7 cd prevents Black from later exchanging with...dc and counterattacking with...c3 at an opportune moment; it also brings about a symmetrical position in which White counts on finding a way to exploit the slight advantage of the first move.

In solidifying his center with 8...e6, Black prepares for 9...Nfd7 to challenge the intruder knight at e5. He does not carry out this plan directly with 9...Nc6 because 10 Nc6 bc 11 Nc4 creates a backward c6 pawn. Once White is provoked to play 10 f4, however, Black can go ahead with 10...Nc6 because 11 Nc6 bc 12 Nc4 Qa5 followed by 13...Ba5 gives him active play, whereas the white queen's bishop is not effective.

After 10...Nc6 11 Be3 f6 12 Nf3 f5 13 Ne5 Nb6, Kasparov did not sideline his queen's bishop but used 14 b3! to keep a black knight from going to e4. Kasparov's 16 Bc1!! was not an easy move to cope with. Maybe Topalov should have tried 16...Nb4 17 Qd2 a5, but after 18 a3 Nc6 19 a4 Re8 20 Ba3 Bf8 21 Bf8 Rf8 22 Rfc1, White has taken over the c file, the only open route on the board.

After 18...Nb4 19 a4 Re8 20 Ba3 Bf8 21 Bf8 Rf8 22 Rfc1, White has no advantage. In any case, Topalov's 16...Nb4!! gave his opponent a serious



Position after 33...Ba3

superiority in space after 17 dc.

After 26 Rfc1 27 Rcl, Kasparov had taken over the c file, the only open route on the board.

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INTERNATIONAL

Investigators of Rapes During Indonesia Riots Report Threats

By Seth Mydans
New York Times Service

JAKARTA — Human rights workers who are investigating scores of organized gang rapes during three days of rioting here in May say they and the victims have been receiving threats from unidentified men.

In interviews, the investigators said they had confirmed the rapes of 168 women during the riots, of whom 20 died during or after the assaults. They said they presumed that many other women had either fled the city or were too traumatized to report their rapes.

Some victims have been cowed into silence by threats or by rumors of another round of attacks and rapes, the investigators said. Some have committed suicide.

INDONESIA: Keeping Pupils in School

Continued from Page 1

at least 20 percent of all pupils have dropped out in the past year because their parents or guardians could no longer afford to keep them in school.

Mr. Sudarsono, a former dean of the Faculty of Social and Political Science at the University of Indonesia, says he fears that this number will grow aspace with joblessness and poverty, creating an army of illiterate or semiliterate malcontents who will be unqualified for decent jobs even when the economy recovers.

"I want to prevent a lost generation of young Indonesians," Mr. Sudarsono said in an interview. "They could be deprived of their opportunity to get ahead through education."

In response to the problem, the government has turned to the World Bank and the Asian Development Bank for assistance. The result is a scholarship and school aid program, funded by both banks at a cost of \$390 million, that is supposed to assist an estimated 25 million Indonesian schoolchildren over the next five years.

"The World Bank and ADB loans provide us with a rescue program which will decrease the number of dropouts substantially, although it certainly won't solve the problem," Mr. Sudarsono said.

In the Indonesian system, primary schools enroll children from age 7 to 12. The next level covers pupils from age 13 to 15. Mr. Ilyas, the laid-off dock worker, has three children at this level.

Mr. Sudarsono's main focus is on this

The rights workers said they had heard reports of additional rapes and sexual assaults in the weeks after the riots.

Most of the attacks, like most of the looting and arson, were directed against the ethnic Chinese minority, which often becomes a scapegoat in times of conflict or hardship in Indonesia.

The human rights workers said their continuing investigation had reinforced their belief that the rapes, including some of girls as young as 9, had been organized and coordinated in the same way as much of the looting and arson.

Nearly 1,200 lives were lost in Jakarta in the May 13-15 riots, which led to President Suharto's resignation May 21, after 32 years in power. Most of those who died were looters trapped inside large department

stores that were set on fire by arsonists.

A growing body of reports from witnesses has confirmed that many of the attacks on property and residents, including the rapes, were instigated or carried out by organized groups of up to a dozen men. These groups traveled the city in vehicles, inciting crowds to violence, according to reports released by the government's National Commission for Human Rights and the Jakarta Social Institute, a private Roman Catholic charity that is investigating the riots.

Suspicion has fallen on the military or other security forces, particularly after the military acknowledged last week that members of its special forces had been involved in kidnappings of opposition activists in the weeks before the riots.

On Friday, about 100 women demonstrated outside the Defense Ministry, demanding that the military take responsibility for the rapes. They displayed a poster depicting troops sexually assaulting women and held up a banner that read, "Indonesia Republic of Fear, Republic of Terror, Republic of Rape!"

The threats against workers at women's crisis centers and against some victims who have called the centers also indicate the involvement of people able to monitor the organizations and their telephone lines, said Ira Nadia, an organizer of Volunteers for Humanity, a private aid group.

"We have received telephone calls and anonymous letters terrorizing our workers," she said. "They say they will

rape the females and castrate the males."

The Reverend Sandyawan Sumardi, who heads the private Jakarta Social Institute, said he had also received threats. In addition, he said, threats have been made against witnesses, family members and hospital workers who treated the victims.

Because of fears that security forces are involved, victims have avoided reporting the rapes to police, said Kamala Chandrikirana, a spokeswoman for Ms. Ira's group, which has up to 300 volunteers.

At first the government seemed to doubt the growing reports of rapes, but after meeting with 25 officials from women's groups this month, President B.J. Habibie set up a task force to study their reports. He issued a statement condemning "this abominable episode in the history of our nation."

BRIEFLY

Massacre Toll Rises To 17 in Algeria

ALGIERS — The death toll in Algeria's latest massacre rose to 17, bringing to at least 90 the number of people killed in six days of violence, a local daily said Monday.

Le Matin, quoting pro-government militia members, said that Muslim rebels cut the throats or hacked to death 17 villagers Saturday night when they raided Rebaia hamlet in Meade Province, 70 kilometers (45 miles) south of Algiers.

The government security forces had put the death toll at 11.

Le Matin also reported that scores of civilians were wounded Sunday when two bombs exploded in the coastal province of Tipaza, 60 kilometers west of Algiers. (Reuters)

Yemen Says Saudis Shelled an Island

SAN'A — President Ali Abdallah Saleh on Monday accused Saudi Arabia of attacking a Yemeni island in the Red Sea with long-range artillery, killing three people.

"Nine Saudi naval vessels took part in the aggression with long-range artillery that resulted in the death of three Yemenis and wounding of nine," he said at a news conference in San'a.

"Yemen will not be dragged into a war with Saudi Arabia," General Saleh said. He said Foreign Minister Abdul-Qadir Bajammal would fly to Saudi Arabia to discuss the issue.

Saudi-Yemeni tensions over a long-standing border dispute have increased recently. (Reuters)

Quito Mayor Wins Ecuador Runoff

QUITO, Ecuador — Mayor Jamil Mahuad of Quito has won Ecuador's presidential runoff, election officials announced, confirming preliminary results.

Mahuad received 51 percent of the vote in the July 12 election, compared to 49 percent for the populist Alvaro Noboa, the Supreme Electoral Tribunal said Sunday.

The announcement ended seven days of tension during which both candidates had claimed victory. Mr. Mahuad began meeting officials to form his government.

Mr. Noboa told reporters Sunday he would not recognize Mr. Mahuad's victory and repeated his call for officials to recount the votes in his home province of Guayas, on Ecuador's Pacific coast. (AP)

For the Record

An Iranian court will announce its verdict Thursday in the graft trial of Tehran's suspended mayor, Gholamhosseini Karbaschi, a court official said Monday. The mayor was tried on embezzlement and mismanagement charges by Iran's conservative-led judiciary. (Reuters)

Youngest Candidate For Prime Minister Leads Poll in Japan

Reuters

TOKYO — Health Minister Junichiro Koizumi, Japan's youngest contender to be prime minister, is the public's favorite choice for the post, according to an opinion poll showed Monday.

But in a possibly more significant finding, the poll showed that the veteran politician Seiroku Kajiyama, 72, is the top choice of supporters of the Liberal Democratic Party, top members of which will make the decision Friday.

Foreign Minister Keizo Obuchi, 61, once front-runner in the race to replace Prime Minister Ryutaro Hashimoto, was last among the public at large and tied with Mr. Koizumi, 56, among Liberal Democratic supporters.

The survey by the national television network Tokyo Broadcasting System was the first sizable opinion poll on who should be prime minister since Mr. Obuchi, Mr. Kajiyama and Mr. Koizumi announced their candidacies.

Despite his good showing with the public in opinion polls, most analysts said they expected Mr. Koizumi to be the first candidate knocked out when it comes time for the faction-ridden party to vote.

The analysts said the health minister did not have the deep support in the party of his older candidates. They expect the final battle to be between Mr. Obuchi and Mr. Kajiyama.

Mr. Hashimoto is quitting because of the Liberal Democrats' stunning setback in elections July 12.

JAPAN: Good Rulers and Bad Rulers, but Very Few Strong Leaders

Continued from Page 1

doing what Japanese leaders do: holding endless meetings and discussing alternatives and hashing out a course of action that has general support.

Indeed, there is some evidence that in the Japanese political culture, that process may be more effective than U.S.-style arm-twisting or grandstanding. While Mr. Hashimoto was mocked in the West for a lack of leadership because he never seemed able to get anything done, by some accounts his problem was that he was too much of a leader for Japanese society: He annoyed people and therefore could not get their cooperation to carry out policies.

"One reason why Hashimoto was not so liked in the party or outside it was that he didn't listen enough," one senior government official said. "When we went to brief him, he was argumentative and said things like, 'I think you're wrong.'"

Speaking of former Prime Minister Noboru Takeshita, who retains far-reaching

influence, the official added: "But when we saw Takeshita, he would say: 'Thank you very much. That's so helpful.' Then the bureaucrats feel satisfied and they give Takeshita full cooperation."

One of the few postwar prime ministers other than Mr. Yoshida who was a strong and forceful leader was Yasuhiro Nakasone, who governed from 1982 to 1987, although his strength was more visible in his style than in any results he achieved. Mr. Nakasone was quite popular among Americans, but he remains disliked by many Japanese, who criticize him as pushy, arrogant and self-centered.

Likewise, in recent years one of the most forceful and visionary politicians has been Ichiro Ozawa, now leader of the Liberal Party. Mr. Ozawa has been widely hailed in the United States as a symbol of a new breed of Japanese leader. But within Japan he has very little support.

"There must be something about the Japanese character that dislikes explicit displays of power," said Takashi Oka, a

former aide to Mr. Ozawa who is now writing a book about the travails of the reform movement in Japan. "You don't have real political leadership here."

The natural place for politicians to develop their leadership skills in a parliamentary system is the cabinet. But in Japan, cabinet ministers are mostly rubber stamps who are not really expected to do anything but back up the ministry's bureaucrats in Parliament.

Even more than prime ministers, the cabinet members are figureheads whose only preparation is years of political machinations building seniority in Parliament. That leaves them unprepared to take charge of their ministries.

"It's terribly hard for them to manage the job they are given," said Kiichi Miyazawa, a former prime minister who is unusual in that he has unquestioned expertise in economic issues. "Their basic knowledge is inadequate, I would say, to carry out day-to-day duties as cabinet ministers."

HONG KONG: Recession at Hand as Jobless Rate Hits 15-Year High

Continued from Page 1

would be handing it back to China in 1997. The economy became so unstable that the government at that time decided to fix the Hong Kong dollar to the U.S. dollar to provide stability.

This year, the problem is less rooted in politics. High interest rates, in place to protect the fixed exchange rate, have battered the economy. Property prices are down 50 percent from a little more than a year ago, depressing personal wealth and causing retail sales to plunge.

Last month, Daimaru, a Japanese department store, announced that it would be

closing its doors after 38 years in Hong Kong. Earlier this year, one of the city's biggest bakery chains closed its doors, and 400 people lost their jobs.

Among the hardest hit sectors has been financial services, as stock brokers have released scores of employees to compensate for a 50 percent drop in the stock market since last October. In the first quarter of this year, employment in finance, insurance and property fell by 3.8 percent compared with the fourth quarter of 1997.

The economic slump has already taken a toll on the Hong Kong stock market, the largest in Asia after Tokyo. So far this year, the All Ordinaries index has tumbled about

28 percent. On Monday, the narrower Hang Seng index of 33 stocks fell 1.57 percent, its biggest decline in a week.

With Asian economies depressed and other countries in the region offering much cheaper hotel and food prices because of their weaker currencies, tourist arrivals in Hong Kong have also plummeted, and hotels have dismissed staff members.

Economists have estimated that if unemployment reached 6 percent, banks would run the risk of substantially higher defaults on mortgages. Hong Kong imposes one of the lowest income taxes in the world, but residents pay the world's highest prices for real estate.

CROSSWORD

ACROSS

- 1 Artist Chagall
- 2 Like marble
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- 5 Coloratura's piece
- 15 Units to be subdivided
- 16 vera
- 17 Water source
- 18 Financial wherewithal
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- 21 Five-fifths
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Galliano's Diorient Express Runs Out of Steam



From left: Valentino's abstract-pattern, lattice evening dress; Henry VIII meets chinoiserie on Galliano's Diorient Express; Ungaro's unlined coat over cropped pants and lacy top.

By Suzy Menkes
International Herald Tribune

PARIS — In a puff of steam, the train disgorged its cargo of models — a flash of blanket coat here, a whoosh of claret velvet there, the clothes trailing through golden sand on the floor, skirts ballooning like the sleeves on Henry VIII's doublet.

The backdrop was the Austerlitz train station, piled high with Louis Vuitton trunks, where the audience sizzled beneath palm trees and Moroccan tents, waiting for a bunch of be-feathered American Indians to stomp in the exotically named Diorient Express.

This was a romantic train from the steam

age that, judging by its hourlong delay, had trouble moving forward. And that just about summed up John Galliano's fall-winter couture collection.

Just when you hoped that the wildly imaginative designer might take Dior toward the millennium, you find him shunting backward into history. Whoa there! Stop! Where are we? Somewhere in the 17th century alongside yet another unlikely fashion heroine: Princess Pocahontas, who marries an Englishman and doffs embroidery doskin for lace collars, Holbein hats and Renaissance gowns.

Oh dear! Haven't we been here before with Galliano — delirious mixes of place and time that make his shows so magnificent but essentially ridiculous time-travel costume parties?

"Traveling through geographical and historical boundaries," Galliano said to explain the show that had some exquisite effects, from the leather worked into cut-and-stash mini bloomers, to the swishing coats applied with Tudor motifs and matching thigh-high boots.

The embroiderer Francois Lesage said that one outfit took 2,000 hours of work, and was the most expensive couture piece he had ever made. The program notes explained silken threads, laid on jute, and described the floral brocade linings to dramatic coats, trimmed with ginger fur.

But what was in there for the 20th century (let alone the 21st)? A couple of long, plain black dresses, caressing the body, would make superb formal dinner gowns. Clients could do something with brocade jackets and change the bulbous hemlines. Strictly for show were a tribal tapestry coat that would cost a fortune in excess bag-

gage, delicate Chinese embroideries in cloisonné colors and a huge white dress, perforated as if by bird peckings.

Why does Galliano so stubbornly refuse to meet his clients halfway? His shows are wondrous in their way. But the train seemed an ominous metaphor for a design talent that seems to be running out of steam.

Valentino knows a thing or two about travel for today's Concordia classes. His show may have been heavy on the decoration, but it was light and aerodynamic in its simple, straight lines and cyber-colors.

"Modern glamour and a new couture that is casual and relaxing," Valentino said backstage, adding that cashmere and precious fabrics were the height of unshowy, modern luxury and that he expected the cashmere coats to be worn with jeans.

There was a geometric feel to the straight-knit coats, the boxy two pieces with pin-tucked bodices, the slender over-the-knee skirts and the purses so slim and flat that only a credit card would squeeze in.

To that, Valentino added an airy elegance with lattices. They came as abstract, openwork patches on the linear dresses or even as a crisscross of piping across the bosom. Latticed hand-warmer added more mesh effects.

But the general feel was easy — rectilinear clothes, cut away from the body — and modernist, with a palette of white, gray and mineral colors, shot with silver and titanium and with abstract art touches. The only bright color came in one fiery red dress at the end, but a gray coat mixing flannel and satin played with mat and shine.

As so often with Valentino, it was a bit much, what with snowy mink or chinchilla collars, lacy tops, crystal embroideries and

a gray cashmere cardigan cabled with sequined ribbons. But there was a genuine change in the silhouette from curvy and flirty to modern and linear.

The clothes were also wonderfully well crafted, especially when the designer showed slim patches of panne velvet skirts and held back on the artsy embroideries. One plain white evening dress, with silver filament embroidery insets at the sides and a tiny feathered bolero, proved that Valentino can be utterly simple and refined.

And those front-row ladies, wearing parures of jewelry at the cocktail hour show, lapped it up, with Princess Firyal of Jordan calling it "simply sumptuous," Isabel Goldsmith describing it as "going perfectly with the salon" and Susan Gutfreund, who singled out the white dress, calling it "sexy and beautiful."

EVERY designer needs a muse and Emanuel Ungaro has found one in Sharon Stone. The sleek and sensuous Hollywood star will be dressed by Ungaro for a new Albert Brooks movie, "The Muse." Maybe that is why the designer brought his couture collection into the daylight and infiltrated it with a casual West Coast attitude. Although the fabrics and details were still fancy, the show had a lightness and ease.

With no traditional suit (all but eradicated this couture season), Ungaro showed cardigan-jackets, extravagantly worked in lace-encrusted tulle but feather-light. With them went cropped pants — one of those tricks designers try to be different, although you know that all the front-row clients from the French actress

Fanny Ardant through Isabelle d'Ornano will order regular-length pants to slip under a light mohair coat.

What else is a gal to wear to lunch? Maybe Ungaro's long dresses draped softly to one side, in the jersey that he sculpts like cloth.

But these were really clothes for a California climate. Narrow evening dresses were just wisps of lace and chiffon, worn with rivulets of tiny beads and perhaps decorated with random tufts of feather.

In its quiet colors (the mix-and-match patterns "banished") and ultra-delicate workmanship, the show was pretty and discreet. Ungaro showed his softer side.

Yet there was something surreal about seeing what are mostly evening and cocktail clothes in the sunlight filtering through the glass dome of the Paris fine art school. What might have seemed subdued in night light still seemed very fancy in the bright light of day.

Why is it that when young designers debut at established houses they always seem to have their eyes on past glories? The finale of Stephane Rolland's show for Jean-Louis Scherrer was rich and dramatic — a swishing coat inspired by Watteau's art and with hand-painted figures on the back.

There ought, at the dawn of a new century, to be a less traditional way to make the audience applaud than to show high-art fashion and see-through dresses.

But Rolland at least had a clear thread running through his show. Elegant tweed coats with gathered or cape backs, a chic black velvet dress with pleats fanning out at the backbone and evening gowns sculpted from the shoulders after Zurburan and Watteau all focused on a great exit line.



Rolland's painted gown at Scherrer.

On the Scent: A New Lacroix?

By Suzy Menkes
International Herald Tribune

PARIS — In a move that will stun the fragrance industry, LVMH Moet Hennessy Louis Vuitton is considering developing a perfume for Christian Lacroix with Clarins, the French beauty and skincare house that is a rival to its own group.

Patrick Coel, president of the perfume and cosmetic branch of LVMH, confirmed Monday that an initial development project was under discussion, but said that no decision had been made and that it was "not excluded" that LVMH itself would handle the fragrance, which was set to be launched in the fall of 1999. This would be the first Lacroix fragrance since *C'est la Vie* in 1990, which flopped.

Jean-Jacques Picart of Lacroix said that a proposal had been made to other perfume companies that might be well suited to handling a so-called "niche" fragrance, although he declined to discuss possible partners. But Mariano Puig, whose Spanish perfume company bought Nina Ricci, said Monday that he had been contacted.

A Paris beauty executive who chose not to be named said that talks with Clarins were serious and would resume after the Lacroix couture show on Tuesday.

Serge Rosine, chief executive of Clarins, could not be reached for comment Monday, but Vera Strubi, president of Mugler fragrances, which is owned by Clarins, said she knew about the discussions.

"If there is an opportunity here, we are going to seize it because we are always looking for designers who haven't got a fragrance," Strubi said. "At the moment, nothing is concrete, but I know LVMH is looking about."

Clarins currently has three designer fragrances: Mugler, Claude Montana and Loris Azzaro. Significantly, Clarins bought outright the house of Thierry Mugler in 1997, after successfully developing a perfume with Mugler.

The industry executive said that it was inconceivable that LVMH would run the house of Lacroix yet farm out the fragrance, and that approaching other houses could only mean testing the water for an eventual sale of the house that was founded in 1987 by Bernard Arnault, president of LVMH.

Picart denied that this was the case.

At the Dior show Monday, Arnault himself said only that various research projects were going on about the Lacroix perfume.

"I am not au courant with anything to do with Clarins," he said. "If we do a Lacroix fragrance, it will be us who do it — but it is not at all certain at this stage that we will."



From left: Jean Paul Gaultier's sweater with embroidered beads; Givenchy's feathery fronds; Abraham's hand-painted African motif.

Designers Dwell on Breath-taking Details

International Herald Tribune

PARIS — It is the detailed workmanship more than changes of silhouette that now distinguishes couture from ready-to-wear.

Even though some of the younger designers look like they have been let loose in a candy store of outre accessories, the effects are often breathtaking — nowhere more than at the Givenchy show, where

the legendary plumier Andre Lemarie made not just the sprouting feathers but also artificial foliage. That was used to make dramatic capes and collars in fabric given feather effects.

Jean Paul Gaultier's sporty couture was enhanced with embroidery that traced folklore patterns on sweaters and plaid on kilt skirts — overturning the concept of beading as evening wear.

For Abraham Pelham, a Liberian-born designer fulfilling a lifetime dream by staging a Paris show, elongated African motifs on chiffon capes and subtle tribal markings at skirt hems gave an ethnic touch to the currently fashionable abstract decoration and brought two continents together.

Suzy Menkes

The 1998 International Herald Tribune Survey

RSVP

Dear Reader

As a reader of the International Herald Tribune, you are of vital importance to the newspaper, whether you are a regular, occasional or even a first-time reader. Only by knowing more about your thoughts on the newspaper content, your lifestyle and your business, can we endeavour to produce a better newspaper.

We would be very grateful if you could take the time to fill in this questionnaire, fold it following the instructions on the reverse side and post it (the postage is already paid). For every reply we receive we will donate a dollar to a charity.

If you wish to enter our free prize drawing, please fill in your name and address in the space provided below - two winners will be sent a decanter of Fine Champagne Cognac Extra from Rémy Martin.

Thank you very much for your time.

Peter C. Goldmark Jr.

Peter C. Goldmark Jr.
Chairman and Chief Executive

Please indicate your responses with an X in the appropriate boxes.

YOU AND THE INTERNATIONAL HERALD TRIBUNE...

1 - ▶ How often do you usually read or look at the IHT?

5-6 days a week 1-2 days a week on
3-4 days a week Less than once a week

2 - ▶ How do you usually obtain your copy of the IHT?

when in home country	when traveling
Home subscription <input type="checkbox"/> (12)	Airline <input type="checkbox"/> (28)
Personal office subscription <input type="checkbox"/>	Hotel <input type="checkbox"/> (2)
Colleague/friend/relative <input type="checkbox"/>	Newspaper <input type="checkbox"/> (5)
Newstand <input type="checkbox"/>	Other <input type="checkbox"/>
I only read the IHT when traveling <input type="checkbox"/>	

3 - ▶ And how many people excluding yourself usually read your copy of the IHT?

One Three Five or more (21)
Two Four No-one else

4 - ▶ On average, how much time do you spend reading the IHT?

Less than 15 minutes <input type="checkbox"/>	1-2 hours <input type="checkbox"/> (20)
15-29 minutes <input type="checkbox"/>	2-3 hours <input type="checkbox"/>
30-44 minutes <input type="checkbox"/>	Over 3 hours <input type="checkbox"/>
45 minutes-1 hour <input type="checkbox"/>	Not sure <input type="checkbox"/>

5 - ▶ For a typical issue of the IHT, what percentage of pages do you look at or read from before you discard the newspaper?

100% 60% 20% (21)
80% 40% Less than 20%

6 - ▶ Usually, how many separate times do you pick up your copy of the IHT before you have finished with it completely?

WRITE IN _____ (21-22)

7 - ▶ How many other daily newspapers do you usually read? (Please include all daily titles whether they be international, national, or local)

One Three Five or more (24)
Two Four No other

8 - ▶ If you had to rank by order of importance to you personally the daily newspapers you read, where would you rank the IHT?

First Second Third Other (WRITE IN) _____ (21-22)

9 - ▶ Please indicate your level of agreement with the following statements regarding the IHT:

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Publication I want to read <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> (21)
You can believe what you read in it <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> (21)
I look forward to reading it <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> (21)
Is a leisurely read <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> (21)
Is a publication I read thoroughly rather than skim <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> (21)

10a - ▶ Do you ever read the IHT on the Internet?

Yes No (21)

10b - ▶ If yes, Each day 1-2 times/week 3-4 times/week 5 times/week Less often

AIR TRAVEL...

11 - ▶ Approximately how many international air trips have you made in the last 12 months?

Business Pleasure	Business Pleasure	Business Pleasure
1-3 trips <input type="checkbox"/>	11-15 trips <input type="checkbox"/>	none <input type="checkbox"/> (21-22)
4-6 trips <input type="checkbox"/>	16-20 trips <input type="checkbox"/>	
7-10 trips <input type="checkbox"/>	21+ trips <input type="checkbox"/>	

12 - ▶ Which, if any, of the regions listed below have you visited by air in the last 12 months?

Business Pleasure	Business Pleasure
Austria <input type="checkbox"/> (10-11)	Hong Kong <input type="checkbox"/> (12-13)
Belgium/Luxembourg <input type="checkbox"/> (11-12)	India <input type="checkbox"/> (14-15)
France <input type="checkbox"/> (14-15)	Indonesia <input type="checkbox"/> (14-17)
Germany <input type="checkbox"/> (11-12)	Japan <input type="checkbox"/> (14-16)
Greece <input type="checkbox"/> (15-16)	Korea <input type="checkbox"/> (15-17)
Israel <input type="checkbox"/> (20-21)	Malaysia <input type="checkbox"/> (12-20)
Italy <input type="checkbox"/> (22-23)	Philippines <input type="checkbox"/> (14-19)
Netherlands <input type="checkbox"/> (25-27)	Singapore <input type="checkbox"/> (15-17)
Scandinavia <input type="checkbox"/> (25-27)	Taiwan <input type="checkbox"/> (15-17)
Spain <input type="checkbox"/> (23-25)	Thailand <input type="checkbox"/> (15-17)
Switzerland <input type="checkbox"/> (25-31)	Other Asia/Pacific <input type="checkbox"/> (12-20)
UK <input type="checkbox"/> (22-23)	USA <input type="checkbox"/> (15-17)
Eastern Europe <input type="checkbox"/> (24-25)	Canada <input type="checkbox"/> (15-17)
Other Europe <input type="checkbox"/> (25-31)	Central America/Caribbean <input type="checkbox"/> (15-17)
Africa <input type="checkbox"/> (17-19)	South America <input type="checkbox"/> (17-19)
Australia/New Zealand <input type="checkbox"/> (18-21)	Middle East <input type="checkbox"/> (17-21)

13a - ▶ For business trips what class of travel do you usually use?

Trips up to 4 hours <input type="checkbox"/>	Trips of 4 hours or more <input type="checkbox"/>
First Class <input type="checkbox"/> (17)	<input type="checkbox"/>
Business Class <input type="checkbox"/>	<input type="checkbox"/>
Economy <input type="checkbox"/>	<input type="checkbox"/>

13b - ▶ How many frequent flyer clubs are you a member of?

None One Two Three or more (21)

WIN A DECANTER OF FINE CHAMPAGNE COGNAC EXTRA



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To thank you, a dollar will be given to a charity of your choice.
Please indicate which of these charities should benefit from your dollar donation.

World Wildlife Fund Cancer Research
Médecins Sans Frontières International Red Cross (21)

14 - ▶ Approximately how many nights have you spent in hotels on business in the last 12 months?

1-7 15-29 50-74 (21)
8-14 30-49 75+ none

15 - ▶ In the last 12 months, have you:

flew in your own private plane? Yes No
flew in your Company's plane?

ABOUT YOUR LIFESTYLE...

16 - ▶ Which, if any, of the following cards do you use? (Please check all that apply.)

AMEX Gold/Platinum <input type="checkbox"/> (21)	Any other card <input type="checkbox"/> (21)
AMEX Green <input type="checkbox"/> (21)	International telephone calling cards: <input type="checkbox"/>
Visa Gold/Premier <input type="checkbox"/> (21)	Other Visa <input type="checkbox"/> (21)
MasterCard Gold <input type="checkbox"/> (21)	- AT&T <input type="checkbox"/> (21)
Other MasterCard <input type="checkbox"/> (21)	- MCI <input type="checkbox"/> (21)
Diners Club <input type="checkbox"/> (21)	- Sprint <input type="checkbox"/> (21)
	- Any other int'l calling cards <input type="checkbox"/> (21)

17 - ▶ Which of the following items have you bought in the last 12 months, whether for yourself, your household or as a gift? (Please check all that apply.)

Cognac <input type="checkbox"/> (21)	Perfumes <input type="checkbox"/> (21)
Blended/malt whisky <input type="checkbox"/> (21)	Watches <input type="checkbox"/> (21)
Canadian/US/Irish whiskey <input type="checkbox"/> (21)	Jewelry <input type="checkbox"/> (21)
Gin <input type="checkbox"/> (21)	Designer clothing <input type="checkbox"/> (21)
Vodka <input type="checkbox"/> (21)	Leather items <input type="checkbox"/> (21)
Crystalware <input type="checkbox"/> (21)	Writing accessories <input type="checkbox"/> (21)

18a - ▶ How many cars do you have in your household?

none one two three or more (21)

18b - ▶ Do you have a company car?

Who chose it? Yes No (21)
Your company You (21)

18c - ▶ What is the size of the engine of your:

under 1990cc <input type="checkbox"/>	2000-3000cc <input type="checkbox"/>	over 3000cc <input type="checkbox"/>
personally owned car? <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> (21)
company owned car? <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> (21)

19 - ▶ Which of the following do you currently use?

Personally <input type="checkbox"/>	For business <input type="checkbox"/>
Personal computer <input type="checkbox"/> (21)	Laptop/notebook/handheld computer <input type="checkbox"/> (21)
CD-ROM <input type="checkbox"/> (21)	Video conferencing <input type="checkbox"/> (21)
Cellular/mobile phone <input type="checkbox"/> (21)	Compact satellite phone <input type="checkbox"/> (21)
The Internet/other on-line services: - for business and finance information <input type="checkbox"/> (21)	<input type="checkbox"/>
- for general information <input type="checkbox"/> (21)	<input type="checkbox"/> (21)

Have you ever bought goods/services through the Internet? Yes No (21)

20 - ▶ Which, if any, of the following publications do you read regularly (at least 3 out of 4 issues)?

Financial Times <input type="checkbox"/> (21)	The Economist <input type="checkbox"/> (21)
USA Today <input type="checkbox"/> (21)	The European <input type="checkbox"/> (21)
The Asian Wall Street Journal <input type="checkbox"/> (21)	Far Eastern Economic Review <input type="checkbox"/> (21)
The Wall Street Journal Europe <input type="checkbox"/> (21)	Newsweek <input type="checkbox"/> (21)
BusinessWeek <input type="checkbox"/> (21)	Time <input type="checkbox"/> (21)

21 - ▶ Which, if any, of the following have you done in a business or personal capacity in the last twelve months?

Acted as adviser to another company <input type="checkbox"/> (21)	Been interviewed on TV, radio or by the press <input type="checkbox"/> (21)
Had an article, paper or book published <input type="checkbox"/> (21)	Sat on an industrial/professional committee <input type="checkbox"/> (21)
Lobbyed or advised members of national/local government <input type="checkbox"/> (21)	Been involved in an environmental/conservation/animal welfare group <input type="checkbox"/> (21)

YOUR WORK...

22 - ▶ Are you currently:

Working full/part time A student (21)
Not in paid employment/other Retired

23 - ▶ What is your job title or position?

Owner/Partner <input type="checkbox"/> (21)	Politician/Government Minister <input type="checkbox"/> (21)
Chairman/President/CEO <input type="checkbox"/>	Diplomat/Senior Government Official <input type="checkbox"/>
Managing Director <input type="checkbox"/>	Medical <input type="checkbox"/>
Vice President <input type="checkbox"/>	Legal <input type="checkbox"/>
General Manager <input type="checkbox"/>	Education <input type="checkbox"/>
CFO/Finance Director/Treasurer <input type="checkbox"/>	Clerical position <input type="checkbox"/>
Department Head <input type="checkbox"/>	Other job/position <input type="checkbox"/>
Consultant <input type="checkbox"/>	(WRITE IN) _____ (21)
Other senior position <input type="checkbox"/>	
Other Director/Manager <input type="checkbox"/>	

24a - ▶ What is the main activity of your organization?

Manufacturing/engineering <input type="checkbox"/> (21)	Computing <input type="checkbox"/> (21)
Primary industry/utilities <input type="checkbox"/>	Telecommunications <input type="checkbox"/>
Construction <input type="checkbox"/>	Other business services <input type="checkbox"/>
Wholesale/retail <input type="checkbox"/>	Education <input type="checkbox"/>
Travel/tourism/transportation <input type="checkbox"/>	Medical <input type="checkbox"/>
Publishing/printing/broadcasting <input type="checkbox"/>	Legal <input type="checkbox"/>
Banking <input type="checkbox"/>	Government/diplomatic <input type="checkbox"/>
Other financial services <input type="checkbox"/>	Other (WRITE IN) _____ (21)

24b - ▶ For those of you working in the financial sector, which of the following best describes your job function?

Financial Analyst <input type="checkbox"/> (21)	Portfolio Manager <input type="checkbox"/>
Investment Department Head <input type="checkbox"/>	Other (WRITE IN) _____ (21)

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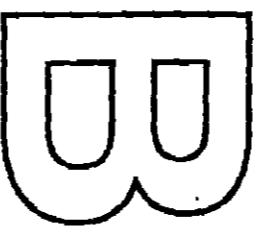
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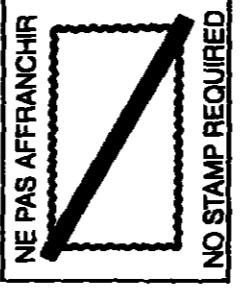
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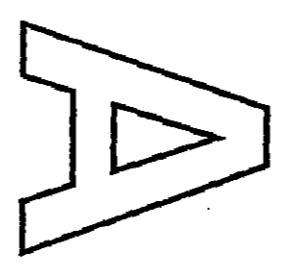


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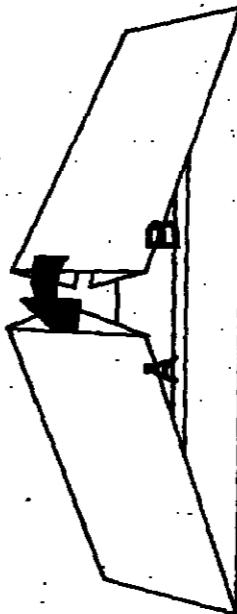
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Then tuck Flap B into Flap A.



THIRD FOLD

SECOND FOLD

A Privatizer Takes Over At Intelsat

New Chief Wants to Sell Consortium by 2001

By Mike Mills
Washington Post Service

WASHINGTON — For Conny Kullman, newly elected head of the global satellite consortium Intelsat, success will be measured by how soon his job becomes obsolete.

Intelsat, operating from headquarters here, is like the United Nations of global telecommunications, except that its 143 member nations usually pay their dues on time. Created in 1964 by international treaty for an era of monopoly telephone companies, Intelsat has enjoyed — and been hindered by — treasury privileges as a robust competitive industry has grown up around it.

Mr. Kullman, a towering 48-year-old Swede and 15-year Intelsat veteran, wants to make today's Intelsat disappear by 2001. In its place, he hopes, will be a completely private, publicly traded satellite company. And, perhaps, a new, much smaller treaty organization to ensure satellite service for underdeveloped countries.

"Intelsat needs to be fully commercialized," Mr. Kullman said in an interview at Intelsat's headquarters. "The only way to do that is to privatize this place and get it into the stock exchange as a private company."

That goal had eluded Intelsat's current director-general and chief executive, Irving Goldstein, who will retire when Mr. Kullman officially takes over on Oct. 23. Although Mr. Goldstein helped to create Intelsat and its U.S. member company, Comsat Corp., the most he could accomplish in the way of dismantling was the spinoff in April of five of Intelsat's 25 satellites. Dubbed New Skies Satellite NV, the Netherlands-based company plans an initial public stock offering in about a year.

"I thought I would have been able to get a more complete privatization done in a shorter period of time," Mr. Goldstein said. "I think Connny will be the last director-general of Intelsat."

Mr. Kullman is the first Intelsat ca-

See INTELSAT, Page 17



Changing of the guard at Intelsat: Irving Goldstein, left, is handing over the reins as chief to Conny Kullman.

Seagram to Sell Tropicana to PepsiCo

Compiled by Our Staff From Dispatches

NEW YORK — Seagram Co. said Monday it would sell its Tropicana juice business to PepsiCo Inc. for \$3.3 billion, dropping a plan to sell the leading orange juice maker in a public stock offering.

The deal gives Seagram a new business to compete with Coca-Cola Co., the world's biggest beverage company and owner of the juice brand Minute Maid.

Tropicana owns the Dole juices and has been expanding its breakfast-table lineup with exotic fruit blends, calcium-added juices and fruit drinks called Twisters. It had sales of \$2 billion last year.

The company will be added to a PepsiCo portfolio that includes the world's second-most popular soft drink behind Coke and snacks such as Ruffles, Doritos and Cheetos made by its Frito-Lay division.

The juice business "is certainly an area where Coca-Cola does not possess a major competitive advantage," said Roy Burr, an analyst at Brown Brothers Harriman.

Montreal-based Seagram is selling the business rather than going through with the stock offering because the acquisition provides a set price, investors said.

"Seagram would have never raised that kind of money in an IPO," said Philip Foreman, portfolio manager at Composite Research & Management, which owned about 425,000 Seagram shares and about 279,000 Pepsi shares.

"It's a good deal for both companies."

Seagram, the Canadian liquor giant and owner of Universal Studios, announced in May it would sell Tropicana to help fund its \$10.4 billion purchase of PolyGram, the world's largest music

company. While saying it would entertain offers from interested bidders, Seagram initially hoped to raise \$3.5 billion to \$4 billion by selling Tropicana to the public. Last week, it lowered that projection to \$3.1 billion.

Seagram bought Tropicana for \$1.2 billion in 1988 and acquired the Dole line for a reported \$240 million in 1995.

On the New York Stock Exchange, Seagram shares closed 18.75 cents higher at \$40, and Pepsi shares were up 25 cents at \$39.75.

Tropicana accounted for 40 percent of the ready-to-drink orange juice market in the United States and 71 percent of the lucrative not-from-concentrate segment. Its beverages are sold in 20 countries. The company employs about 5,000 people worldwide.

(AP, Bloomberg)

France Telecom Issue To Raise \$9 Billion

Compiled by Our Staff From Dispatches

PARIS — France Telecom SA plans to increase its capital by 5 percent by selling shares in the autumn and plans to take a 2 percent cross shareholding with Deutsche Telekom AG, the Finance Ministry said Monday.

France Telecom and the French government said they planned to sell shares in Europe's No. 2 phone company worth as much as \$9 billion, in what would be the biggest share sale in Europe this year.

The sale will cut the French government's stake in France Telecom to as little as 62 percent, as planned when the government sold a quarter of France's dominant phone company last October. The government will sell 5 percent to 6 percent of existing shares and France Telecom will sell new shares equal to 5 percent of the company.

The capital increase will go ahead "market conditions permitting," the ministry said.

At the same time, France and Germany scaled back plans to swap up to 8 percent in their formerly state-owned phone companies, reducing the stakes to a symbolic 2 percent intended to cement France Telecom and Deutsche Telekom's partnership. The sales will give the governments cash to indirectly reduce their budget deficits before the start of the European single currency in 1999.

"Given the strong rise in both companies' shares, the governments didn't need to sell so much to get the same amount of cash," said Thierry Magnan, an analyst at SG Securities. "But the more France Telecom shares out there, the better."

The purchase by France Telecom and Deutsche Telekom of shares in each other is meant to reinforce their alliance as they try to find ways to work more closely together to expand abroad and offset competition in their home markets.

"We want to converge our development in European markets as quickly as possible, investing several billion euros a year and building a truly pan-European operator," Michel Bon, France Telecom's chief executive, said in an interview with the French newspaper *Le Monde*.

The companies aim to take 10 percent of the European phone market outside of their home countries, including Eastern Europe, by 2003. They currently

generate 10 billion francs (\$1.67 billion) in annual European sales.

The closer cooperation, which will include developing new services and a common calling card, should allow France Telecom to cut costs by 500 million francs in 2000. The sale of new shares will help pay for the Deutsche Telekom stake as well as financing expansion, Mr. Bon said.

But investors were less than thrilled with the news. France Telecom shares fell sharply Monday, shedding 6.17 percent to close at 39.1 francs.

In Germany, Deutsche Telekom shares closed at 55.10 Deutsche marks (\$30.82), up 30 pfennig.

Deutsche Telekom and France Telecom already work together on projects across Europe. Each company also holds 10 percent of Sprint Corp. of the United States and operate their Global One joint venture in 65 countries.

(Bloomberg, AFP, AP)

Microsoft Fails To Clinch Deal With Hangul

By Don Kirk
International Herald Tribune

SEOUL — A nationwide campaign by angry Korean consumers and computer fans forced Microsoft Corp. to withdraw Monday from a planned bailout investment in South Korea's largest producer of Korean-language software.

The Korean company, Hangul & Computer Co., said Monday it had decided to reject the planned investment by Microsoft, which would have required it to hand over its Korean-language software business and merge it into Microsoft's own Korean software.

Instead, Hangul, once Korea's fastest-growing software company, accepted an offer of \$10 million from a group of Korean investors to enable it to pay off some of its debts and invest in research and development needed to revive its

See KOREA, Page 17

Thinking Ahead / Commentary

A Warning on Asia From Down Under

By Reginald Dale
International Herald Tribune

WASHINGTON — Here are some words of wisdom from Down Under: Don't underestimate the potential effects of the Asian financial crisis.

That was the message brought to Washington this month by Australian participants in the Australian-American Leadership Dialogue, a private sector initiative aimed at expanding ties between the two countries.

It is not surprising that Australians should be worried. While many Americans still smugly regard the crisis as relatively distant, Australia is on the front line.

According to Ross Garnaut, of the Australian National University, Australia is more dependent on the East Asian market than any other country in the world, including the East Asian countries themselves.

The Australians are now scrambling to replace lost business in Asia with increased exports to Europe and North America.

Largely as a result of the crisis, Australia's economic growth rate will probably fall quite sharply this year, unemployment is stuck at around 8 percent and the Australian dollar has plunged in line with the Japanese yen.

But now, if not with the same intensity, ripples from the crisis are beginning to lap the shores of America,

too. Last week brought news of a record U.S. trade deficit in May, a big drop in industrial production (partly also due to the United Auto Workers strike against General Motors Corp.) and a sharp fall in exports to Asia.

None of this is yet catastrophic. The Australian economy is probably strong enough to ride out the crisis, provided it does not worsen, and most economists expect U.S. growth to resume after a slowdown in which the economy adjusts.

A more serious concern right now, in both countries, is political. In Australia, the Asian crisis has coincided with growing support for the nationalistic One Nation party, led by Pauline Hanson, which wants to cut back on imports and immigrants and end the policy of integrating Australia into Asia, supported by the main political parties.

With confidence in the U.S. economy still running so high, and unemployment so low, the soaring U.S. trade deficit has produced unease, but not yet a major protectionist backlash.

But that could quickly change if the miraculous jobs and growth engine starts to sputter just as the flood of cheap imports from Asia reaches its peak.

A new study from the Institute for International Economics predicts that the Asian crisis will add \$40 billion to \$50 billion to the U.S. trade deficit. That will exacerbate trade tensions between the United States and Asian nations such as Japan and South Korea, and make U.S. trade actions against those countries more likely.

That would almost certainly provoke similar actions by other countries.

If a trade backlash does materialize in the United States, we will have not just an Asian problem but an American one, too.

E-mail address:
thinkahead@washpost.com

CURRENCY & INTEREST RATES

Cross Rates July 20 Libid-Libor Rates July 20

Currency	1	DM	FF	1m	DFI	1y	5y	10y	15y	20y	30y	40y
Swiss franc	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
U.S. dollar	0.9043	0.8943	0.8943	0.8943	0.8943	0.8943	0.8943	0.8943	0.8943	0.8943	0.8943	0.8943
British pound	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
French franc	0.9072	0.8972	0.8972	0.8972	0.8972	0.8972	0.8972	0.8972	0.8972	0.8972	0.8972	0.8972
Canadian dollar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Yen	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Mark	0.9098	0.8998	0.8998	0.8998	0.8998	0.8998	0.8998	0.8998	0.8998	0.8998	0.8998	0.8998
Australian dollar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Dollar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Canadian dollar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Swiss franc	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Yen	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Mark	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Canadian dollar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Yen	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Mark	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Canadian dollar	1.0000	1.0000	1.0000									

THE AMERICAS

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July 21, 1998



Source: Bloomberg, Reuters

Nasdaq Hit a Record as Blue-Chips Falter

Compiled by Our Staff From Dispatches

NEW YORK — Stocks were mixed Monday, as technology shares on the Nasdaq market set a record, but blue-chips fell amid worries about the Federal Reserve Board chairman's congressional testimony this week.

While the domestic economic picture has been largely overshadowed by the Asian fiscal crisis this year, investors are always wary of what Alan Greenspan, the Fed chairman, might say in his semi-annual report to Congress on Tuesday and Wednesday.

Recent data has shown that inflation remains in check, but it is unclear whether Mr. Greenspan will view the stock market rally of the past month as a risk worthy of a boost in interest rates.

The Dow Jones industrial aver-

age closed 42.22 points lower at 9,295.75. On Friday, the Dow set a record at 9,337.97.

The bond market, meanwhile, gained on optimism that Mr. Greenspan's testimony would bolster expectations for slower growth and tame inflation.

The benchmark 30-year Treasury bond rose 13/32 to 105 24/32,

U.S. STOCKS

taking the yield to 5.72 percent from 5.74 percent on Friday.

The Standard & Poor's 500 Index

rose 2.65 points to 1,184.10.

But the Nasdaq composite index climbed 5.49 points, to 2,014.25, its ninth consecutive record.

Internet companies soared after Broadcast.com, which transmits news, music and sports on-line, be-

came a highly successful initial public offering last week.

On-line bookseller Amazon.com surged 17 11/16 to 137 1/2, while No. 1 on-line service America Online rose 8 to 136.

But Broadcast.com fell 2 1/4 to 60 1/2. It more than tripled in Friday's first day of trading from its IPO price of \$18 a share.

Communications equipment makers and drug firms climbed on optimism their prosperity would continue. Lucent closed up 6 1/4 at 101 1/2 after hitting a record 102 5/16. Investors are betting that the company will report earnings that top Wall Street estimates.

Warner-Lambert rallied 3 1/16 to 83 3/4 after the drugmaker said second-quarter net income rose 46 percent from the year-ago period to \$338.1 million, as sales of new drugs

were 71 percent to \$1.41 billion.

Drugs were among the biggest gainers in the S&P. Pfizer rose 1 1/4 to 117 1/4, Merck gained 5/16 to 138 3/4 and Schering-Plough climbed 13/16 to 104 1/4.

A profit warning from McDonald's sent the fast-food chain's shares down 2 11/16 to 70 9/16. It also said weak economies and currencies continue to hurt business overseas.

General Motors fell 1 to 68 7/8 after workers voted to authorize a strike at a Saturn car-assembly plant in Spring Hill, Tennessee.

Dell Computer dropped 11/16 to 116 1/4 amid concerns that the thriving direct seller of computers may have a tough time sustaining its earnings growth.

Travelers Group rose 1/4 to 72 9/16 on better-than-expected profit. (Bloomberg, AP)

Dollar Falls Against Yen Before Vote

Compiled by Our Staff From Dispatches

NEW YORK — The dollar extended its slide against the yen Monday on optimism that Japan's next prime minister would accelerate the country's economic reforms after the election Friday.

"People are hoping that whoever gets in will do something more radical" to get the economy on track, said Mike Casey, a manager at Federated Investors.

The dollar was quoted at 4 P.M. at 138.825 yen, down from 139.500 yen on Friday.

Dealers said the market was

FOREIGN EXCHANGE

hopeful that if Foreign Minister Keizo Obuchi emerged as Japan's new prime minister, he would name his main opponent, the former chief cabinet secretary, Seiroku Kajiyama, as finance minister.

Both men have said that the Japanese economy needs permanent income tax and corporate tax cuts to get back on track.

The governing Liberal Democratic Party will choose between them Friday for party president.

The dollar was little changed against the Deutsche mark amid growing optimism that the Russian economy was stabilizing.

The dollar was also flat against the mark amid expectations German growth was picking up and talk that the U.S. economy was poised to slow.

"The mark should be appreciating and the dollar depreciating," Mr. Casey said.

The U.S. currency rose to 1.7818 Swiss francs from 1.7800 DM.

The dollar was also at 1.5060 Swiss francs, up from 1.5022 francs, and at 5.9750 French francs, up from 5.9650 francs. The pound was at \$1.6478, up from \$1.6450. (Bloomberg, Bridge News)

SunTrust Banks to Acquire Crestar

Compiled by Our Staff From Dispatches

RICHMOND, Virginia — SunTrust Banks Inc. is buying Crestar Financial Corp. for \$9.5 billion in stock to create the 10th-largest U.S. bank, the companies said Monday.

The combined bank will have nearly 1,100 branches, adding Crestar's operations in Virginia, Maryland and the District of Columbia to SunTrust's branches in Florida, Georgia, Tennessee and Alabama.

Mergers have been sweeping the banking industry as local rivals have bought one another to cut costs or merged with banks in neighboring states. The Crestar purchase is unusual because that bank is separate from SunTrust by the Carolinas, where the largest banks in the region — NationsBank Corp. and First Union Corp. — have their headquarters.

"Now there's the big gap in geography for SunTrust," said Nancy Bush, a bank analyst at Ryan, Beck & Co.

After the deal is completed, SunTrust will have \$88 billion in assets, which would currently place it 10th

in the rapidly consolidating banking industry.

Banks in Virginia have been some of the main targets in that consolidation. With the Crestar deal, the state will have seen its three top players absorbed by competitors. In the past year, Signet Banking Corp. was bought by First Union, which is based in Charlotte, North Carolina, while Central Fi-

delity Banks Inc. was taken over by Wachovia Corp. of Winston-Salem, North Carolina.

Crestar shareholders will receive 0.96 of a SunTrust share for each of their shares. Crestar shares jumped \$5.50 to close at \$75.50, while SunTrust shares dropped \$8.1875 to \$79.25. The value of the deal is based on the closing price of SunTrust stock on Friday.

SunTrust, with assets of \$61.4 billion, is now the 18th-largest bank in the United States. Crestar, with assets of \$26.2 billion, is the 36th-largest.

(AP, Bloomberg)

Last GM Plant Votes for Strike

Compiled by Our Staff From Dispatches

SPRING HILL, Tennessee — Workers at General Motors Corp.'s only U.S. plant still turning out cars, the Saturn division, where the company boasts of harmonious labor-management relations, have voted overwhelmingly to authorize a strike.

"We can't continue to live a lie that this partnership is alive and healthy and well when it's not," said Mike Bennett, bargaining chairman for the union local at Saturn Corp.

Nicholas Lobaccaro, an analy-

st with Merrill Lynch, said, "Saturn threatening a strike tells you that the UAW has its heart set on busting GM's chops, and that it's willing to inflict a lot of pain on itself."

Talks between the United Auto Workers and the company resumed Monday in Flint, Michigan. (AP, Bloomberg)

SPX to Buy Electrical-Controls Company

Compiled by Our Staff From Dispatches

MUSKEGON, Michigan — SPX Corp. said Monday it would buy General Signal Corp., a maker of industrial and electrical controls, for \$2.34 billion in cash, stock and debt.

The purchase gives SPX, an auto-motive supply and parts company, a chance to cut costs and lower its exposure in the auto-parts industry,

which is under pressure from auto-makers to deliver less costly sys-

tems rather than individual parts.

SPX said it would pay \$4.5 a share in cash and stock for the larger Gen-

eral Signal. SPX also will assume roughly \$235 million in General Signal's debt.

The combined company will have \$2.5 billion in sales.

The deal comes after SPX at-

tempted a \$3 billion hostile takeover of Echlin Corp. this year before being outbid by Daza Corp.

General Signal shares closed \$3.5625 higher at \$41.1875 on the New York Stock Exchange.

SPX shares fell \$9.4375, to \$59.5625.

The transaction is expected to close early in the fourth quarter.

(Bloomberg, AP)

INTERNATIONAL FUTURES

Compiled by Our Staff From Dispatches

INDUSTRIALS — COTTON 3 INCHES 50,000 lbs. contracts per lot.

Aug 98 78.62 78.50 78.50 78.50 1.25 4.974

Oct 98 78.50 78.50 78.50 78.50 1.25 4.975

Mar 99 78.50 78.50 78.50 78.50 1.25 5.275

May 99 78.50 78.50 78.50 78.50 1.25 5.386

Aug 99 78.50 78.50 78.50 78.50 1.25 5.387

Fri's open int 74,127, up 400

EURODOLLAR 1-MONTH (CME) 100,000 lbs. contracts per lot.

Aug 98 94.30 94.30 94.30 94.30 1.00 4.974

Oct 98 94.30 94.30 94.30 94.30 1.00 4.975

Mar 99 94.30 94.30 94.30 94.30 1.00 5.274

May 99 94.30 94.30 94.30 94.30 1.00 5.385

Aug 99 94.30 94.30 94.30 94.30 1.00 5.386

Fri's open int 74,127, up 400

EUROGOLD (CME) 51 million lbs. contracts per lot.

Aug 98 29.00 29.00 29.00 29.00 1.00 4.974

Oct 98 29.00 29.00 29.00 29.00 1.00 4.975

Mar 99 29.00 29.00 29.00 29.00 1.00 5.275

May 99 29.00 29.00 29.00 29.00 1.00 5.385

Aug 99 29.00 29.00 29.00 29.00 1.00 5.386

Fri's open int 74,127, up 400

HEATING OIL (NYMEX) 40,000 bbls. contracts per lot.

Aug 98 29.15 29.15 29.15 29.15 1.00 4.974

Oct 98 29.15 29.15 29.15 29.15 1.00 4.975

Mar 99 29.15 29.15 29.15 29.15 1.00 5.275

May 99 29.15 29.15 29.15 29.15 1.00 5.385

Aug 99 29.15 29.15 29.15 29.15 1.00 5.386

Fri's open int 74,127, up 400

LIGHT SWEET CRUDE (NYMEX) 10,000 bbls. contracts per lot.

Aug 98 29.25 29.25 29.25 29.25 1.00 4.974

Oct 98 29.25 29.25 29.25 29.25 1.00 4.975

Mar 99 29.25 29.25 29.25 29.25 1.00 5.275

May 99 29.25 29.25 29.25 29.25 1.00 5.385

Aug 99 29.25 29.25 29.25 29.25 1.00 5.386

Fri's open int 74,127, up 400

NATURAL GAS (NYMEX) 10,000 mmscfs contracts per lot.

Aug 98 2.05 2.05 2.05 2.05 0.00 -0.075

Oct 98 2.05 2.05 2.05 2.05 0.00 -0.075

Mar 99 2.05 2.05 2.05 2.05 0.00 -0.075

EUROPE

Prague Leader Returning to Bank

Move Seen Strengthening Czech National's Independence

By Peter S. Green
International Herald Tribune

PRAGUE — The outgoing prime minister, Josef Tosovsky, will return to his former post as governor of the Czech National Bank, the government said Monday, a move that economists see as strengthening the central bank's independence.

The office of President Vaclav Havel said Mr. Tosovsky would be named to the post Wednesday and would begin a six-year term as governor when the new Social Democratic government of Prime Minister Milos Zeman is sworn in.

Mr. Tosovsky left the bank in December to serve as interim prime minister after Prime Minister Vaclav Klaus was forced to resign in November in a political finance scandal.

"The president feels that in this period of possible political instability there should be a firm point in the economy," said Jiri Peche, Mr.

Havel's political adviser, "and Mr. Tosovsky certainly represents that with his experience, his lack of enthusiasm for radical solutions and his certain ability to resist political pressure."

Elections last month ended with a hung Parliament, but the Social Democrats have formed a government with the support of their one-time bitter rivals, the rightist Civic Democratic Party headed by Mr. Klaus.

Both parties have said they want to limit the independence of the central bank, but most observers predict the two will battle over budget deficits, industrial subsidies, deregulation and privatization.

The Social Democrats say they are prepared to run a budget deficit to stimulate an economy that shrank by 0.9 percent in the first quarter of the year after virtually zero growth in 1997. Mr. Klaus says he opposes a deficit.

"We may see more consultation

as governor of the central bank, Mr. Tosovsky favored classical monetarist policies, raising interest rates to keep inflation down. But on his watch, a dozen privately owned banks collapsed, and the koruna lost a quarter of its value. Still, the bank has maintained a tight money policy.

"This is a vote for more stability," said Miroslav Singer, chief economist at Expanda Finance in Prague.

The central bank is definitely the most important counterweight to any kind of fiscal craziness," he said.

But Vladimir Kreidl, an economist at Patria Finance in Prague, said that Mr. Tosovsky might be slightly more accommodating to government pressure to lower interest rates in order to stimulate growth and ease the debt burden on troubled Czech companies.

"We may see more consultation

Russia Vows to Collect More Taxes

Compiled by Our Staff From Dispatches

MOSCOW — Russia issued a new pledge Monday to improve its tax collection, hoping its efforts will win approval for a new International Monetary Fund loan.

Analysts said the Fund was expected to approve a \$5.6 billion loan after President Boris Yeltsin decreed tax increases to cut the budget deficit.

"In the end they'll probably give the money," said Constance Hunter, a portfolio manager at Firebird Capital Management in New York. "The odds are they will come

through with the deal — but it's not 100 percent."

The World Bank, meanwhile, will decide early next month whether to release a \$1.5 billion economic restructuring loan for Russia, officials said Monday.

The decision will be strongly influenced by the International Monetary Fund, the World Bank's Moscow representative, Michael Carter, was quoted as saying by Interfax news agency.

The Fund has said it will not approve its loan, which is part of a \$22.6 billion package, unless the

Russian government raises more revenue, especially by improving tax enforcement. At present the government collects only a small fraction of what is owed in taxes.

In a joint statement sent Monday to the Fund, the prime minister, Sergei Kiriyenko, and the chairman of the central bank, Sergei Dubinin, said they had taken measures that would increase revenues and cap the budget deficit at 2.75 percent of gross domestic product, Interfax said.

The government also announced that it would increase the pace of privatization, selling stakes in a number of companies previously considered off limits for strategic reasons, Interfax said.

Mr. Yeltsin vetoed two laws lowering taxes and introduced new land taxes by decree over the weekend.

The cabinet passed a resolution introducing a value-added tax rate of 20 percent for a wide range of goods.

Deputies in the lower house, the State Duma, which is now in summer recess, criticized Mr. Yeltsin and the cabinet on Monday, saying only Parliament could write tax laws.

Whatever political and economic reasons are pressing on the president and the government, they should not violate the constitution, the chairman of the lower house's budget committee, Alexander Zhukov, said. (Reuters, AP, Bloomberg)

through with the deal — but it's not 100 percent."

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will decide early next month whether to release a \$1.5 billion economic

restructuring loan for Russia, of

ficials said Monday.

While members of the Organization of Petroleum Exporting Countries have since March pledged to cut production by 2.6 million barrels a day, waning demand from Asia has made these cuts insufficient to eliminate the oil glut. Also,

of the 1.245 million barrels a day in

cuts meant to take effect in April, only about 80 percent have occurred, the report by the London-based group said.

The refinery is owned by the state-controlled Bahrain Petroleum Co. Amid the slump in crude-oil prices, a number of oil exporters have been seeking to lift production of more lucrative refined products.

The price of oil remains near a nine-year low of \$11.90 a barrel for London Brent crude futures, which it reached in March. It was trading down 16 cents Monday, at \$12.64.

Bahrain Refinery Upgrade

The government of Bahrain plans to spend \$400 million to improve its only refinery as it seeks to increase earnings by producing more lucrative products such as diesel, heating fuel and kerosene, Bloomberg News reported from Manama.

The refinery is owned by the state-controlled Bahrain Petroleum Co. Amid the slump in crude-oil prices, a number of oil exporters have been seeking to lift production of more lucrative refined products.

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Applied SD

NASDAQ

Monday's 4 P.M.
1,000 most traded National Market stocks
in terms of dollar value, updated twice
The Associated Press.

The 1,000 most traded National Market securities
In terms of dollar value, updated twice a year.
The Associated Press.

The Associated Press.

NYSE

Monday's 4 P.M. Close
(Continued)

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ASIA/PACIFIC

Cash Crunch Threatens Thai Firms

Reuters

BANGKOK — The government said Monday that a cash shortage could force as many as 800 factories to close, putting as many as 270,000 workers out of work.

Trirong Suwankhiri, the labor minister, said the factories had indicated in a recent survey that they needed about 36 billion baht (\$84.3 million) in financial assistance to pay off debts and maintain operations.

In an effort to relieve the crunch, the government approved a plan to allow companies to delay paying midyear corporate tax until the end of the year.

The decision would help alleviate the pain caused by the liquidity crunch, Finance Minister Tarnin Nimmamraeminda said.

Sompob Manatangsan, an economics professor at Bangkok's Chulalongkorn University, said the news that so many factories were on the verge of shutting was not surprising. Thailand would have to be prepared to face a labor crisis that could worsen in the second half of this year, he added.

"The 270,000 new jobless number is possible as we project that there will be around 2.9 million Thai jobless this year due to the liquidity squeeze still spreading throughout the country," Mr. Sompob said.

If the unemployment figure rises to 2.9 million people, almost one in 10 of Thailand's workers would be jobless. The National Statistics Office has estimated domestic unemployment at 2.7 million people so far this year.

New Rules for Thai Banks

Half of Thailand's 16 commercial banks will report large second-quarter losses because of changes in the definition of nonperforming loans, Chatu Mongkol Sonakul, the Bank of Thailand governor, said Monday, according to an Associated Press report from Bangkok.

Financial institutions are expected to report second-quarter earnings this week. The institutions are phasing in stricter rules defining nonperforming loans. Previously, fully collateralized loans would not be counted as nonperforming until payments were missed for 12 months.

In the second quarter, however, a nonperforming loan will be defined as one overdue for six months and in the third quarter, three months will become the limit. Analysts estimate that nonperforming loans account for around 35 percent of total loans.

Singapore Exports Rally in June

Associated Press

SINGAPORE — Singapore received some unexpected good news Monday as June figures showed a rebound in exports, but government economists predicted an overall decline in exports for the year.

Domestic exports other than oil, which are a key indicator of overall economic performance, rose 6.1 percent in June from a year earlier, the Trade Development Board reported.

The growth ran counter to most economists' expectations of a decline for the month, raising hopes

that Singapore may be able to avoid recession.

But the government board — a division of the Ministry of Trade and Industry — cautioned that the June figures were "statistical" in nature.

The positive June results were tempered by a sobering update forecast for total trade in 1998.

The board expects Singapore's total trade to decline 4.5 to 5.0 percent this year because of the Asian crisis, slower growth in the U.S. and European economies, continued oversupply of electronic products and persistently weak oil

exports.

The surprisingly strong performance in June came after two months of negative figures. Non-oil domestic exports shrank 4.8 percent in April and 1.7 percent in May.

Total non-oil exports in June were 7.9 billion Singapore dollars (\$4.7 billion), compared with 7.06 billion dollars in May, the report said.

After a sharp initial gain, Singapore shares ended the Monday trading session slightly higher, with the benchmark index rising 7.22 points to close at 1,102.32.

Export Drop Cuts Taiwan Growth Outlook

Associated Press

TAIPEI — With Asian economic turmoil cutting deeply into Taiwan's exports, a private think tank said Monday that it had lowered its economic growth forecast for 1998 to 5.24 percent from 5.95 percent.

But the group, the Chunghua Institute of Economic Research, predicted 6.18 percent growth next year, in expectation of a recovery in the region.

"As the whole world suffers from a slow economy, it's hard for us to stay unscathed," said Chou Ji, a research fellow at the institute.

ports, the institute said. The computer and semiconductor industries contribute more than 40 percent of the value of Taiwan's industrial output.

Chipmaker's Profit Off

Taiwan Semiconductor Manufacturing Co. said Monday that its net profit dropped 46 percent to 3.76 billion Taiwan dollars (\$109.4 million), in the second quarter.

Industrial production grew only 0.69 percent in May, compared with 6.85 percent growth a year earlier.

The worldwide oversupply in the semiconductor industry contributed to the lackluster performance in ex-

Indonesia Says Japan Refuses To Yield on Rolling Over Debt

Bloomberg News

JAKARTA — Japan is balking at rolling over Indonesian debt, Finance Minister Bambang Subianto said at a hearing at the House of Representatives on Monday.

The Indonesian government is trying to convince lenders to roll over about \$4 billion in sovereign debt to keep its budget deficit under control, allowing it to remain in compliance with the terms of the \$49 billion International Monetary Fund bailout.

"We can't roll over this debt unilaterally, we have to talk to these people and reach an agreement first," Mr. Subianto said.

Last week, Indonesia reached agreement with some of its lenders on rescheduling principal repayments on some of its \$54.4 billion in foreign debt, said Ginandjar Kartasasmita, the coordinating minister for economy. The Japanese are Indonesia's largest providers of subsidized loans and direct aid.

Separately, Mr. Subianto said Japan had threatened to cancel all aid to Indonesia if the country's companies insisted on rescheduling their loans. Most Indonesian companies have had to delay debt payments because of the more than 82 percent plunge in the rupiah in the past year and the contraction in the economy.

Indonesian companies have about \$20 billion in foreign debt coming due this year, with commercial banks owing another \$9.2 billion, Mr. Ginandjar said in June.

Car Output Halted at 2 Korea Firms

Compiled by Our Staff From Dispatches

ULSAN, South Korea — Operations were suspended at Korea's two major carmakers on Monday as Hyundai Motor Co. halted operations and Daewoo Motor Co. union members Monday launched a three-day strike.

The hard-line Korean Confederation of Trade Unions also said it would stage a general strike Thursday if Hyundai did not reverse its layoff decision.

But the key stock index in Seoul surged 6.1 percent as concerns eased over labor unrest. Traders said worries over the issue appear to be tapering off because many workers seem to be accepting the fact that layoffs are inevitable for economic reforms.

The Korea Composite Index closed up 21 points at 365.18.

A senior presidential adviser said the government would not back away from labor-market reforms.

Meanwhile, tension was growing at Hyundai Motor's major plant in the southeastern city of Ulsan.

Hyundai, a flagship of the Hyundai Group, has said it needed to lay off 2,678 workers to deal with falling domestic demand caused by the country's economic crisis.

Hyundai Motor suspended operations for one day on Monday because it feared violence after the announcement.

Daewoo Motor union members launched their strike after wage negotiations with the second-biggest auto manufacturer broke down, a company spokesman said.

Daewoo Motor issued a statement saying that 2,995 of its workers, or 26 percent of its total work force, are surplus to its needs. But Lee Sung Il, a company spokesman, said Daewoo has yet to decide whether to resort to layoffs.

Separately, losses at South Korean banks widened in the first six months of the year after they set aside more provisions for bad loans and stock investment, the industry watchdog said.

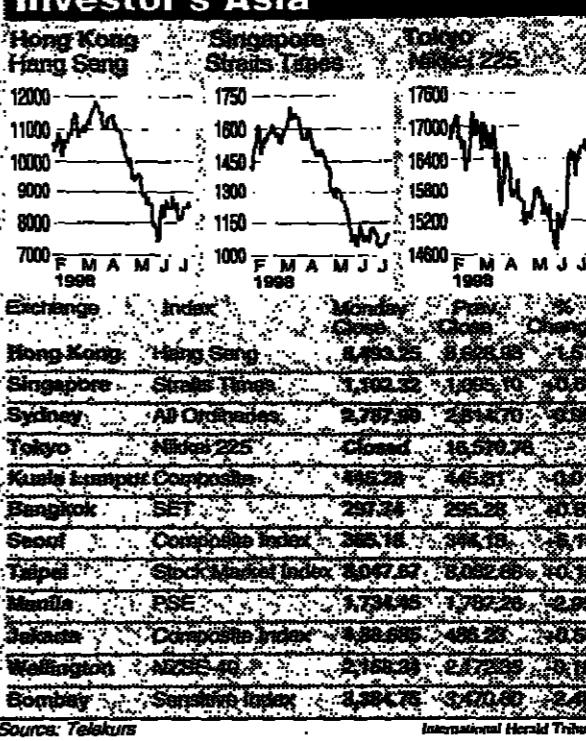
The Financial Supervisory Commission said at best just five of Korea's 26 banks made money in the first half. The results will be announced as early as Thursday.

"Combined losses at banks widened by about 30 percent from a year ago," said Chang Hyun Ki, an official at the Bank Supervisory Board.

The government estimates as much as 100 trillion won (\$78 billion) of debts may need to be written off, almost a third of all bank loans.

(Reuters, AP, Bloomberg)

Investor's Asia



Source: Telekurs

International Herald Tribune

Verry briefly:

- Malaysia is going to allow foreign companies to own up to 51 percent of companies engaged in foreign trade. Megah Junaid Megal Ayob, the domestic trade and consumer affairs minister, said foreign companies might be allowed 100 percent ownership if they made Malaysia their regional distribution center. The current equity ownership limit is 30 percent.

- Indonesian new car sales plunged 95 percent in June to their lowest monthly level in at least three years as surging car prices and interest rates continued to erode demand. Sales fell to 1,833 cars from 38,733 in June of last year. It was the seventh consecutive monthly decline in car sales.

- Lucent Technologies Inc., the U.S. telecommunications equipment company, offered 114 million Australian dollars (\$71.8 million) to buy JNA Telecommunications Ltd. of Sydney.

- Rhone-Poulenc SA's agriculture unit, Rhone Poulen Agrochimie SA, is buying 86 percent of Chunjin Co., a South Korean agrochemical company, for an undisclosed amount. Chunjin reported sales of \$53 million last year. Rhone Poulen Agrochimie said it wanted to expand in Asian, particularly Korean, markets.

- Vietnam cut its economic growth target for the year to between 6 percent and 7 percent from 9 percent because of the Asian crisis. For the first half of the year, Vietnamese exports grew by 10.6 percent, one-third the growth rate of a year earlier.

- J&A Securities Co. of Shanghai, China's second-biggest brokerage, will probably be placed under the management of China Guotai Securities Co., Guotai employees said. Four executives of J&A were recently summoned to Beijing for questioning.

- India, the third-largest coffee producer in Asia, will harvest 10 percent less coffee this season than last because of a drought.

- Pepsi-Cola Products Philippines Inc., a licensed bottler of Pepsi products and a unit of Quoco Holdings Philippines Inc., said sales volume jumped 69 percent in the financial year ended in June 1998.

AP, Bloomberg, Reuters

KOREA: Hangul & Computer Co. Rejects a Planned Investment by Microsoft Corp.

Continued from Page 13

The success of the movement against Microsoft reflects widespread suspicion here of investment by foreigners, especially into companies that are viewed as closely tied to basic national interests, as well as the sensitivity foreign encroachment on Korean language and culture.

"It's obviously not a good signal" to foreign investors, said Peter Underwood of Industrial Research & Consulting, which specializes in advising potential investors. "The amount is too small to hit the statistics, but it's high profile, and it's in a very strategic industry."

Under the deal, Hangul & Com-

puter was to have withdrawn from producing software for the Korean writing system, known as Hangul, in exchange for \$20 million from Microsoft to invest in other projects. But the accord created a nationwide backlash among computer fans, Web site users and other software companies as well as in the media.

Lee Chan Jin, the Hangul chairman, said Monday he was "very happy" that he had decided to save the software program that he had launched at the age of 25. The software controls 80 percent of the market in Hangul. Microsoft's MS Word Hangul software ranks a distant second with 20

percent of the market. Mr. Lee announced his decision at a press conference with Lee Min Hwa, leader of the "Save Hangul Committee" and president of the Korea Venture Business Association. One reason for Lee Min Hwa's campaign against Microsoft was that MS Word's Hangul system does not include certain ancient character and word formations that Korean language purists believe were essential.

Hangul, devised in the late 14th century as a writing system that employs 24 characters, ranks as one of Korea's proudest, most enduring intellectual achievements.

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DALLAS NAPLES PALM BEACH CHARLOTTE
LONDON DUBLIN LUXEMBOURG ZURICH
TOKYO HONG KONG GRAND CAYMAN

STATEMENT OF CONDITION, JUNE 30, 1998

ASSETS	\$ 317,895,946
Cash and Due from Banks	
U.S. Government Securities	
Direct and Guaranteed	152,390,011
State and Municipal Securities	82,575,813
Federal Funds Sold and	
Securities Purchased Under Agreement to Resell	272,333,965
Loans and Discounts	1,139,918,691
Trading Assets	73,117,690
Customers' Liabilities on Acceptances	14,925,852
Interest and Other Receivables	82,828,321
Premises and Equipment, Net	44,905,398
Other Assets	15,400,292
	\$2,178,092,999

LIABILITIES

Deposits	\$ 1,758,287,027
Federal Funds Purchased and Securities	
Sold Under Agreement to Repurchase	38,320,000
Trading Liabilities	78,662,633
Acceptances: Less Amount in Portfolio	14,925,852
Accrued Expenses	48,274,109
Other Liabilities	49,623,578
Capital	\$ 60,000,000
Surplus	130,000,000
	\$2,178,092,999

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Herald Tribune INTERNATIONAL SPORTS

TUESDAY, JULY 21, 1998

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WORLD ROUNDUP

Arsenal Pursues Wembley Matches

SOCCER Arsenal, the English champion, has asked English soccer authorities if it can play its European Champions League games at Wembley Stadium in northwest London, the club said Monday. The club is based at Highbury in northeast London, which has a capacity of 35,000. Wembley can hold 70,000.

Last season, Arsenal sought permission to move all its games to Wembley but was turned down by the English Football Association.

UEFA, the governing body of European soccer, supported the plan. "We are backing the move because it means more genuine fans will be able to see Arsenal in Europe," said Fritz Ahlstrom, a UEFA spokesman. (AP, Reuters)

The Hosts With the Least

SOCCER Three British companies went into liquidation Monday after being unable to deliver World Cup tickets to customers.

The corporate hospitality companies, with debts exceeding £5 million (\$8.22 million), collapsed when a supplier failed to deliver tickets that had been ordered and paid for.

The Mall Corporate Events, International Championship Management and Champion Cup Hospitality said they had sought tickets on the black market to honor commitments but found tickets scarce and expensive.

The companies all used Great Portland Entertainments as their main supplier, but it also failed to provide tickets ordered by thousands of England and Scotland fans. Great Portland Entertainment directors go before the English High Court on Wednesday.

An English fan was sentenced to two months in jail in Marselle on Monday for throwing rocks at police before England's World Cup match against Tunisia in June.

Gary Wyatt, a 30-year-old carpenter from northeast England, was arrested June 14 after attacking the plainclothed officers. (AP)

Graf Overcomes Coetzer

TEENNIS Steffi Graf continued her comeback Sunday, beating Amanda Coetzer, 6-3, 6-3, in the final of the A&P Classic in Mahwah, New Jersey. (Reuters)

Funk's Nerve Holds

GOLF Fred Funk made four birdies down the stretch Sunday to win the Deposit Classic in Madison, Mississippi. Funk had a 4-under-par 68 final round to finish at 270. Franklin Langham blew a four-stroke lead on the back nine. He shot a 68 to finish at 272, tied with Paul Goydos and Tim Lousalot. (AP)

O'Meara Learns Winning Ways

Tiger Woods Helped to Motivate Him, British Open Champion Says

By Christopher Clarey
International Herald Tribune

SOUTHPORT, England — When Tiger Woods decided to move into a condominium in Orlando, Florida, in 1996, he and his advisers were not only choosing a good neighborhood. They were choosing a good neighbor: Mark O'Meara, a level-headed, good-humored professional who, Woods' advisers hoped, would become something of a mentor to golf's latest prodigy.

O'Meara has become that and more, developing a close and communicative friendship with Woods who is 19 years his junior and the world's top-ranked player. But as O'Meara thrust both arms triumphantly skyward on the 18th green at the British Open on Sunday evening, it was suddenly difficult to decide which friend had benefited the most from the connection.

Until this year's Masters, O'Meara had played in 56 major championships

has dined Woods and frequently practiced with Woods is playing the finest golf under pressure in the world.

"Tiger has helped me," O'Meara said. "At times, I realize that I look at Tiger's talent and his technique and his swing, and I think he's a better player than I am. That motivates."

There is something reassuring about watching O'Meara have a career year

BRITISH OPEN

instead of a crisis in midlife. O'Meara does not exude power or athleticism. With his graying sideburns, round face and rounded torso, he is an everyman who happens to possess a talent for a game that is as much a craft as a sport.

That talent has made him much wealthier than most craftsmen, but has not made him many enemies.

"A class act," said Wattis.

Most people in golf share that view, which is why what happened to O'Meara after his victory at the Lancome Trophy in France last September was so troubling to him. This spring, a package arrived at O'Meara's home sent to him by the manager of Lancome runner-up Jarmo Sandelin of Sweden. It contained a videotape that showed O'Meara incorrectly replacing his ball on the 15th green in the final round, gaining a fraction of an inch on a short putt.

Sandelin wanted O'Meara to return the trophy, but though O'Meara agreed after viewing the tape that he could have replaced his ball more accurately, he insisted his error was unintentional.

O'Meara kept his trophy, and in the third round Saturday with a more important one at stake, O'Meara had an opportunity to confirm that he is a

sportsman as well as a shotmaker. On the 6th hole, his second shot had drifted into the right rough, and when he arrived to look for it, a number of spectators were searching and stamping down the tall grass in the process. They found nothing, and O'Meara walked back up the fairway to replay his shot before the five-minute time limit expired.

Before it did, someone found his ball, but he was too far away now to retrace his steps and identify it in time. A lost ball would have cost O'Meara at least a stroke; playing from a horrible lie could have cost him more. But David Rickman, the tournament rules secretary, said that O'Meara's reaction was exemplary. "Tell me what to do, and I'll do it." In the end O'Meara was not penalized. He dropped his ball and salvaged a bogey, and though it would be misleading to say that this escape won him the Open, it certainly improved his chances.

"I think that any player who wins a tournament realizes that good luck has been on their side that week," O'Meara said Sunday. "Fortunately for me, I had a bounce on six."

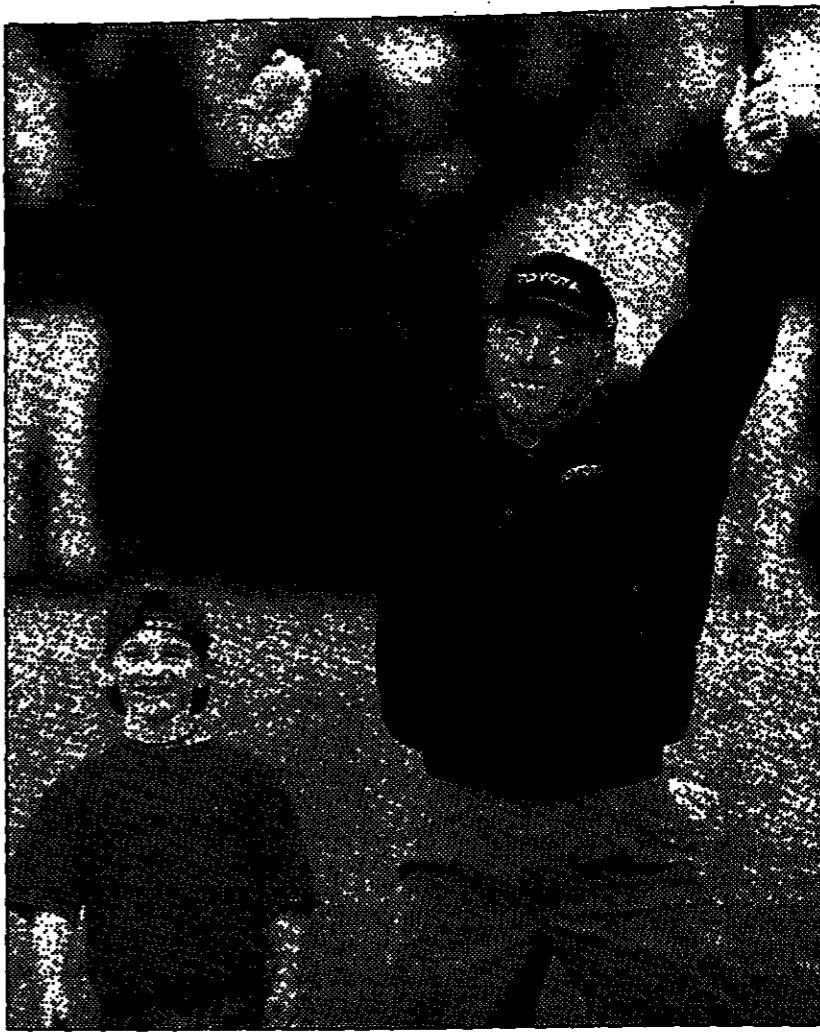
After watching him wait 18 seasons to win a major, it is difficult to begrudge O'Meara the bounces that have helped him win two.

Before the final round began, Jesper Parnevik, a younger man from Sweden who has yet to break through, asked O'Meara, "Does it get any easier now? Do you feel different than when you teed off at Augusta on Sunday?"

O'Meara told Parnevik he was just as nervous this time. It rarely showed, and as at Augusta, the only round O'Meara finished atop the leader board was the last one.

In modern golf, where the rewards are ever higher and the media pack ever

denser, that is the least stressful way to get one's hands on the hardware, and O'Meara is already intimately acquainted with this trophy. In 1991, after Ian Baker-Finch of Australia beat O'Meara, among others, to win the last Open at Royal Birkdale, he invited his American



Mark O'Meara, the British Open champion, with his son Shaun.

friend to his house to sip from the cup. This year, it is O'Meara's turn to issue invitations, and he already has a guest list. "If Tiger wants a sip out of it, he's more than welcome," O'Meara said, "because I imagine his name will be on it some day, too."

His Eyes on Distant Peaks, Julich Stays Cool as Tour Heats Up

By Samuel Abt
International Herald Tribune

PAU, France — That wasn't Bobby Julich whom the Cofidis team sent ahead to protect its interests when a handful of low-ranked riders went on a long breakaway Monday for the second successive day in the Tour de France. Joining breakaways like that is the work of a *domestique*, a servant in French, and Julich is anything but this year.

After his 17th-place finish in the last Tour, his fourth place in the prologue in Dublin and his third place in the individual time trial on Saturday, this is the new, improved Bobby Julich. His *domestique* days are over because he ranks as a co-leader of the Cofidis team, based in France.

He is careful to be politic about his role: "I expect to be strong enough to support Francesco Casagrande," the nominal team leader, "in the mountains and to finish better than I did last year."

But now that he is in seventh place just before the mountains, where he is expected to shine, his goals are bigger.

"This is only my second Tour and I'm still learning," he said Monday before the start of the ninth daily stage, 210 steamy kilometers (130 steamy miles) from charming Montauban to hospitable Pau, the doorstep to the Pyrenees.

"Learning is all that matters," the 26-year-old from Colorado said. "I may not win the Tour de France this year but I hope to win it in the future. You put experiences in the bank and learn from them."

Julich protected his position by crossing the line 31st Monday in the same time as all the other major contenders.

Less fortunate was another American who had been in the top 10. Tyler Hamilton of the U.S. Postal Service team suffered a heatstroke and dehydration as the temperature reached 40 degrees Celsius (104 degrees Fahrenheit) and lost 18 minutes 18 seconds.

"We thought he was gone, would have to drop out," said a teammate, Marty Jernison. Hamilton fell to 160th among the 168 riders remaining of the 189 who started the Tour July 11.

The winner after a 170-kilometer

breakaway was Leon van Bon, a Dutchman with Rabobank, who beat Jens Voigt, a German with Gan, by half a wheel in 5 hours 21 minutes 10 seconds, a speed of 39 kilometers an hour.

Third was Massimiliano Lelli, an Italian with Cofidis, the *domestique* who sped across to the breakaway and

TOUR DE FRANCE

stayed with it in case it gained so much time that it took the yellow jersey away from Laurent Desbiens of Cofidis. In that case, the team would have another rider at or near the top.

Despite the heroic efforts of Voigt, the main pack finished just 12 seconds behind. The breakaway's lead topped out at 4 minutes and change.

Voigt, who began the original acceleration, did most of the work over the rolling course, frequently dousing his head with water bottles passed to him by fans. He started the final sprint about 200 meters from the line but could not quite hold off van Bon, who passed the finish with his arms uplifted while the German

was stumped, shouting in frustration.

Desbiens retained the yellow jersey by 14 seconds over Andrea Tafi, an Italian with Mapei, who twice tried to speed away and gain that precious time. He failed. Third overall is Jacky Durand, a Frenchman with Casino, 43 seconds behind. They all should disappear early in the Pyrenees.

Julich knew Monday morning that if a multirider breakaway occurred, he was not expected to chase it.

"That's not my job today," he said. "My job is tomorrow." The riders, minus the Italian sprinter Mario Cipollini, who dropped out Monday, face four big climbs on Tuesday and four more on Wednesday.

"I'm looking forward to the mountains," Julich said. "Last year I was scared of them." He lost 22 minutes last year in the first day of climbing in the Pyrenees but came back strongly, especially in the Alps.

"The memories that I have of the last week in the last Tour are fantastic and those are mainly in the mountains. That's what I want to feel again."

"Last year it was a question of maybe," he said. "I was very nervous last year in the first two weeks but this year from the start I've felt very relaxed and very motivated."

"The time trial did a lot for my confidence. The prologue did a lot for no confidence. Phase One is complete. I had a good prologue, stayed out of trouble in the crashes and had a good time trial. I'm happy Mission accomplished."

The Pyrenees aren't quite my style. I like more the Alps. But I'm ready."

Many riders are jolted when the race ends its traditional first week on the flat and starts uphill. Many observers, in fact, expect Jan Ulrich, the defending champion, to have trouble. Tuesday because weight problems limited his training and racing during the spring.

"You've got to be strong right away," Julich said. "This year I've pushed myself a little bit more on the smaller climbs tested myself in the time trial and worked harder in some of the bonus sprints."

"The object was to get ready for the mountains. This year I'm ready for them, I think. I hope."

When Iroquois Play Lacrosse, It's for Heritage and 'the Creator'

By Chris Sweeney
Washington Post Service

WASHINGTON — They practice at the edge of campus, on a large field without goals or field markings at the edge of a forest. Seeing the Iroquois Nation's lacrosse team work on passing and ground balls in the bucolic setting at Johns Hopkins University in Baltimore must be reminiscent of how the Indian tribe, one of the game's inventors, played it centuries ago, using trees for goal posts on fields without boundaries.

The Iroquois called the game "te-was-waran," meaning "little brother of war," Peter Lund wrote in "The History of the Game of Lacrosse: From the American Indians to the Present." Lund said the Indians used the sport "to keep their warriors in shape, to settle disputes between tribes and as a spiritual exercise to amuse and please the

Creator," believed to be the godlike figure Deganawidah who, according to legend, united the Six Nations of the Iroquois.

The six nations — the Oneida, Onondaga, Cayuga, Seneca, Mohawk and Tuscarora — reside mostly in upstate New York and Canada and taught the spiritual importance of lacrosse from the first time a player picks up a stick.

Tony Gray, the Iroquois captain who grew up on a Mohawk reservation in upstate New York and coaches a high school club team in Arlington, Virginia, said he learned the game's spiritual importance from age 4, when he began playing.

"It was a 'medicine ball' game," Gray said. "We play when someone in the tribe is ill or having personal problems. The medicine man sees spicas and medicine, which will help the person, inside a leather ball. We play be-

cause we believe it will please the Creator, and he will then help the sick person."

Gewas Schindler, an Oneida tribe member and attackman for the Iroquois, said he felt a special kinship to lacrosse. "The game is part of our heritage," he said.

The ties between Native Americans and lacrosse are well-known. But for more than 100 years the Iroquois were barred from participating in international competition or joining the International Lacrosse Federation, founded in 1974, because their lacrosse leagues were considered professional.

In 1989, a group led by Oren Lyons, an Onondaga tribe and Lacrosse Hall of Fame member, petitioned the federation to be allowed to play in international events. They stressed to the federation how much the game meant to them spiritually and historically, and they were allowed to join in time for the

1990 World Games in Perth, Australia.

"It means a lot to have people stand in respect of our anthem and have our nation's flag flying at the World Games," said Lyons' son, Rex, 36, an attackman on the team. "When we finally got it, it was a great privilege. It's a political statement when we are able to play alongside other countries."

The Iroquois say the requirements to play for their team are tougher than for other countries, mostly because tribal chiefs can dismiss players from the team for any number of reasons.

"The team is regarded as a role model on the reservations," Schindler said. "Everyone on the team has to be a good person and be interested in representing the Iroquois well or else the chiefs will not let them play."

The Iroquois have used some of the

federation's rules to their advantage. The federation allows players to use both traditional field-lacrosse sticks — with a head width of 6.5 inches (16.5 centimeters), the same as mandated by the National Collegiate Athletic Association — or box-lacrosse sticks, with a head width of four inches.

In the team's 10-9 victory over England last Friday, Lyons scored the game-winner using a box lacrosse stick. Lyons, who leads the team with 11 goals in four games, said he uses that stick because it's harder for defensemen to check away the ball.

The Iroquois have three losses in the tournament — 13-9 to Australia, 23-8 to Canada and 20-8 to the United States — but the players said they were not concerned. "We play to please the Creator, so there is no pressure on us to win or lose," Gray said. "Actually all the teams here are playing for the Creator as well — they just don't know it."



Sack L. Young/The Washington Post
Gewas Schindler taking a breather.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

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SPORTS

In the NL, War for the Wild Card

Cubs, Giants, Mets and Phillies Battling Behind Division Leaders

The Associated Press

With the Atlanta Braves in command in the National League East, the San Diego Padres cleaning up in the West and the Houston Astros cruising in the Central, the chase for the NL wild-card berth is heating up.

On Sunday, the Chicago Cubs overtook the San Francisco Giants in the running for the slot. San Francisco, the New York Mets and Philadelphia are all within three games of Chicago. Los Angeles dropped 4½ games behind the Cubs after losing in St. Louis.

Chicago edged ahead of San Francisco by taking advantage of a throwing error by the Marlins' Rob Stanifer in the top of the 12th inning and holding on to win, 7-6, in Miami.

Stanifer threw away a bunt, allowing two runs to score, and a sacrifice fly by Henry Rodriguez made it 7-4. The Marlins rallied in the bottom of the 12th against Rod Beck on run-scoring singles by John Cangelosi and Cliff Floyd. Florida still had runners on first and second, but Beck retired the next three batters for his 26th save.

Cardinals 5, Dodgers 4 Mark McGwire used his legs, rather than his bat, to win a game for the Cardinals.

McGwire scored from second base on John Mabry's two-out single in the bottom of the ninth, barely beating Charles Johnson's diving tag.

McGwire, leading the majors with 42 home runs, drew a one-out walk in the ninth from Scott Radinsky, and Ron Gant was then hit by a pitch with two outs. Mabry followed by slicing a single to left field, and McGwire was running all the way.

Trenton Hubbard's throw from left beat McGwire but was a few feet up the first.

BASEBALL ROUNDUP

base line. McGwire managed to get his foot on the plate barely before the imaging Johnson reached him.

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Marion Jones winning the 100 meters at the Goodwill Games over Merlene Ottey, left, and Zhanna Pintsevich. Gary Hershorn/Reuters

Handing the Baton to Marion Jones

At Goodwill Games, She Is Succeeding Joyner-Kersee as No. 1

By Randy Harvey
Los Angeles Times Service

UNIONDALE, New York — Marion Jones has been remarkable for a long time. As a 10th-grader, she ran the fastest 100-meter time ever by a high school girl.

As an 11th-grader, she earned an invitation to run on a U.S. relay team in the 1992 Summer Olympics in Barcelona, but she declined because she wanted to slow down a little.

Now, it seems everyone has discovered that she is the successor to Jackie Joyner-Kersee as her sport's — probably her planet's — greatest female athlete.

At the Goodwill Games' 100 meters on Sunday night, Jones showed a crowd of 9,136 that she was on pace to be anointed here as the Joyner-Kersee successor.

Jones, 22, would have been anointed sooner if she hadn't, like Joyner-Kersee before her at UCLA, detoured to play college basketball. Jones started as point guard as a freshman in 1994 on the University of North Carolina's NCAA championship team.

Jones could have pursued a career in professional basketball in one of the two North American professional leagues for women. But, fortunately for a sport like track and field that is constantly on a star search, she left the sport with a year of eligibility at North Carolina to concentrate on sprinting and long jumping.

That was 15 months ago, but it took only about the first three of them to re-establish herself as a phenomenon.

Before the end of last summer, she had run the world's fastest times in the 100 meters and 200 meters, won the world championship in the 100 meters and taken the U.S. long jump title from Joyner-Kersee.

This summer, she became the first woman in 50 years to win the 100 meters, 200 meters and long jump at the U.S. outdoor championships, and she has the world's best eight performances

in the 100 meters, the best two in the 200 meters and two of the best three in the long jump.

The 100 at the Goodwill Games on Sunday night figured to be as stiff a test as Jones would face this year, even after the two-time Olympic champion Gail Devers withdrew because of a foot injury.

Jones isn't among them.

"What I don't understand is the attitude of the other sprinters," she said this year. "They look at Flo-Jo's record and say, 'We can never do that; we can never reach it.' In my opinion, that's the reason the women's sprints have made no progress in the last 10 years. The way I see that, if you put records out of reach, you'll never beat them."

"I'm lucky to be born with this body and this mentality. So many athletes have one or the other. I think I've got the talent, and I know I've got the goals."

"I want to go down in history as the fastest woman who's ever been on Earth. So is it better for me to set my goal at 10.76 or 10.48? That's motivation."

Trevor Graham, a Jamaican Olympian who coaches Jones in Raleigh, North Carolina, said he believes she eventually will own world records in the 100 meters, 200 meters and long jump but will be satisfied in these still early stages of her development if she breaks 10.70 in the 100 meters.

Jones ran 10.71 in May, the fifth-fastest time ever behind Griffith-Joyner's four fastest.

Jones would not go to Barcelona in 1992 to run a relay, but she gladly will accept the baton from Joyner-Kersee.

"It's very special for me to be here," Jones said. "In my heart, she's still the greatest female athlete who ever lived. If I can achieve a quarter as much as she's achieved, I'll be a very happy woman."

But asked about winning four gold medals at the 2000 Summer Olympics in Sydney, she was quick to correct the question:

"Five," she said, counting her three individual events and both relays.

This World Series Is for Real

The Associated Press

ROME — In its way, the Baseball World Championships is a true World Series, with 16 teams from six continents playing 68 games in 11 cities across Italy over the next two weeks.

The tournament starts Tuesday night in Florence when host Italy faces China, a first-time entrant.

Cuba is the favorite, having won every one of the 21 tournaments the team has entered since 1952. In all, there have been 24 tournaments.

The Cubans are joined in Group A by Italy, China, Japan, Panama, South Africa and the Dominican Republic; the United States is in Group B along with the Netherlands, South Korea, Russia, Nicaragua, Taiwan, Australia and Canada.

Although professionals are being allowed for the first time, no major leaguers are taking part. Donald Fehr, head of the Major League Baseball players' union, will attend the Italy-China opener, as will the president of the International Olympic Committee, Juan Antonio Samaranch.

CALVIN AND HOBBES

By Bill Watterson*© 1998 Bill Watterson**All rights reserved. Used by permission of Bill Watterson**and the Watterson Company Inc.**Reprinted by arrangement with the**Washington Post Writers Group**and the International Olympic Committee**and the Italian Olympic Committee**and the Cuban Olympic Committee**and the Chinese Olympic Committee**and the Japanese Olympic Committee**and the Panamanian Olympic Committee**and the South African Olympic Committee**and the Dominican Olympic Committee**and the Dutch Olympic Committee**and the Korean Olympic Committee**and the Russian Olympic Committee**and the Nicaraguan Olympic Committee**and the Taiwanese Olympic Committee**and the Australian Olympic Committee**and the Canadian Olympic Committee**and the New Zealand Olympic Committee**and the Olympic Committee of South Africa**and the Olympic Committee of Chile**and the Olympic Committee of Mexico**and the Olympic Committee of Venezuela**and the Olympic Committee of Argentina**and the Olympic Committee of Uruguay**and the Olympic Committee of Paraguay**and the Olympic Committee of Costa Rica**and the Olympic Committee of El Salvador**and the Olympic Committee of Honduras**and the Olympic Committee of Nicaragua**and the Olympic Committee of Panama**and the Olympic Committee of Costa Rica**and the Olympic Committee of El Salvador**and the Olympic Committee of Honduras**and the Olympic Committee of Nicaragua**and the Olympic Committee of Panama**and the Olympic Committee of Costa Rica**and the Olympic Committee of El Salvador**and the Olympic Committee of Honduras**and the Olympic Committee of Nicaragua**and the Olympic Committee of Panama**and the Olympic Committee of Costa Rica**and the Olympic Committee of El Salvador**and the Olympic Committee of Honduras**and the Olympic Committee of Nicaragua**and the Olympic Committee of Panama**and the Olympic Committee of Costa Rica**and the Olympic Committee of El Salvador**and the Olympic Committee of Honduras**and the Olympic Committee of Nicaragua**and the Olympic Committee of Panama**and the Olympic Committee of Costa Rica**and the Olympic Committee of El Salvador**and the Olympic Committee of Honduras**and the Olympic Committee of Nicaragua**and the Olympic Committee of Panama**and the Olympic Committee of Costa Rica**and the Olympic Committee of El Salvador**and the Olympic Committee of Honduras**and the Olympic Committee of Nicaragua**and the Olympic Committee of Panama**and the Olympic Committee of Costa Rica**and the Olympic Committee of El Salvador**and the Olympic Committee of Honduras**and the Olympic Committee of Nicaragua**and the Olympic Committee of Panama*

ART BUCHWALD

The Night Watchman

WASHINGTON — The Star Chamber continues. Just when you thought it was safe to go into the water, the special prosecutor bites your leg off.

The latest leak by CBS News is that Ken Starr intends to question Secret Service people on Clinton's sleeping habits in the White House. Starr wants to know how Clinton knew he was asleep and when he knew it.

I will now take you to the grand jury room where Jack Conner, a Secret Service man is being questioned.

"Mr. Conner, where are you stationed in the White House?"

"Under Mr. Clinton's bed."

"All night?"

"Yes, until he gets up in the morning. My job is to see that nothing happens to the president when he has his eyes closed."

"Do you also watch Hillary



Clinton when she is in bed?"

"No, a Secret Service woman is assigned to watching her."

"And this agent is also under the bed?"

"Yes. It sounds a bit crowded, but that's what we're paid for."

"Does the president talk in his sleep?"

"He does sometimes. He says things out loud such as, 'Long live the people of China in the Year of the Rat' and 'Republicans suck eggs.'"

"Has he ever talked about Monica Lewinsky?"

"I don't believe that name has ever come up on my watch."

"Did Mrs. Clinton ever bring it up?"

"You'll have to ask her Secret Service woman."

□

"Does the president sleep in pajamas or without sleepwear of any kind?"

"Why do I have to answer that?"

"Because we have to get to the bottom of Whitewater, and we'll never be able to do it unless we find out what Clinton wears at night."

"He sleeps in pajamas."

"Don't you find this weird?"

"When you're a Secret Service person nothing is weird anymore."

"Mr. Conner, does the president even walk in his sleep?"

"Not to my knowledge."

"Well, this is hypothetical: Suppose he did. What would you do?"

"I would follow him."

"If he committed a high crime or a misdemeanor while walking in his sleep, would you report it to the special prosecutor?"

"That's what we're paid for."

Diana's Silver Car For Sale on the Net

The Associated Press

LONDON — The small, silver car given to Diana, Princess of Wales, by Prince Charles as an engagement present is for sale via the Internet, and the owner says he has turned down an offer of more than \$1 million.

Keith Lawson, an antique clock dealer from Scrabys, England, bought the 1981 Ford Escort Ghia three years ago for £6,000. But the car's value has rocketed, and he can no longer insure it.

By Neil Strauss
New York Times Service

NEW YORK — There is a good thing. Rappers want to have flavor-pane, style, something extra that enables them to stand out from the pack.

In their 17 years together, however, the Beastie Boys have developed something much better than flavor: taste. This is not a hip-hop term. It is the key to survival in the mercurial world of pop.

Musicians like David Bowie, Peter Gabriel and David Byrne have good taste; as most of their colleagues have fossilized, it has enabled them to remain relevant, even after their hit-making days ended.

The Beastie Boys are listeners as much as they are musicians, so any music they make is going to be interesting. This has enabled them to survive commercially while every rap act from their era has fallen by the wayside.

That is, if one could still consider the Beastie Boys rap, because they've blown what little currency they did have in the hip-hop world by following their broader instincts instead of the rap mainstream.

The band's previous two albums were a collection of hard-core punk songs and an album of lighter instrumental music; its new record jams 22 tracks with eight singers into 68 minutes.

This is not the output of a group that sets out to make the perfect pop record like "Pet Sounds," "Sgt. Pepper" or even "It Takes a Nation of Millions" (the rap classic by Public Enemy). This is the work of a band that aims to show how much it can do.

"Hello Nasty" jumps from rap to easy listening to Latin to noise to soul to opera to rock without pausing for breath. As the band boasts in "Intergalactic," "I'm so versatile."

The Beastie Boys are emblematic of a new breed of artists who have emerged over the past decade, the collector-musicians. Where



From left, Adam Yauch, Adam Horovitz and Mike Diamond are listeners as well as musicians.

postmodern musicians slap different styles together noncommittally, as if they were all equivalent colors in the sonic palette, collector-musicians weld different sounds together with commitment and bias.

Their songs are more tributes than statements. For example, the eccentric dub-reggae pioneer Lee "Scratch" Perry appears on "Hello Nasty," not to make the album better, more commercial or more musical, but simply because the band likes him and wants to collect his voice like an audio autograph. It's not that collector-musicians (they also include Beck, the Dust Brothers, Stereolab and Cornelius) are fans more than artists. It's that being a fan is part of their art.

From their first full hip-hop album, "Licensed to Ill" in 1986, the Beastie Boys set themselves up as observers and emulators of rap culture, privileged white boys looking in from the outside, as they did as

teenagers in the years leading up to the record, running around Manhattan clubs where punk, new wave and rap were mingling.

Since then the Beastie Boys have transformed themselves from a band to an enterprise. Like Gabriel's Real World label or Byrne's Luaka Bop, the Beastie Boys developed Grand Royal, a record label and a magazine (plus a clothing company called X-Large) predicated on the notion that the Beastie Boys have good taste.

Another key to their survival is their ability to spot talented musicians and use them on their albums, whether it's the Dust Brothers producing "Paul's Boutique" nine years ago or the contributions from the turntablist Mixmaster Mike and the keyboardist Money Mark on "Hello Nasty."

As music buffs, the Beastie Boys are also able to listen to current rap and rock and siphon off the elements that make them interesting,

goofiest — tongue-in-cheek frat anthems like "Fight for Your Right (to Party!)" and "Girls." They may be too smart to fail these days, but they are also too smart to be a phenomenon again.

Though some place the Beastie Boys in the genre of alternative rock, they behave more like a classic-rock band, especially since the personalities of the three members have been diverging.

Though they tend to rap in unison, it's easy to pick out the three intertwined aesthetics at work. Lines like "Share your love with a friend" come from the member who has discovered spirituality, the aspiring Tibetan Buddhist Adam Yauch.

Phrases like "money makin'" come from the member making the shift into the executive world, Mike Diamond.

And the phrase "Dogs love me cause I'm crazy sniffable" probably comes from the band's secret weapon, the clown and collector Adam Horovitz. Silly-smart lines like the Run-D.M.C. parody "I'm the King of Boggle, there is none higher/I get 11 points off the word quagmire," peak fuse all their personalities.

On "Hello Nasty," there is probably something for everyone, but there is probably no one whom everything is for. Popular music is moving past the time when combining two genres is going to create something new. It is more the exception of a distinct personal taste that is going to result in a new sound.

In other words, something unusual is less likely to arise from a combination of hip-hop and Celtic music (that's flavor) than it is from someone mixing the sound of the Wu-Tang Clan and the Chieftains, along with a few other favorites from a treasured record collection, like, say, Celia Cruz, Willie Nelson and a cocktail-music compilation on Rhino records (this is taste).

Flavor fades, but taste is a lifetime trait. And "Hello Nasty" is a testament to good taste, even if at times it does lack flavor.



OPEN AIR — Sinead O'Connor singing at an outdoor concert in Bern.

THE teenage sons of Prince Charles were said to be upset and their father sad after the boys' plans to surprise Charles with a 50th birthday party were torpedoed by a British newspaper. A spokesman for Prince Charles said that the birthday party would go ahead anyway, but that Princes William and Harry were "terribly disappointed" the surprise had leaked out and landed in national headlines. The Sunday Mirror said William, 16, and Harry, 13, would star in a comedy play at the party for Charles, alongside the actors Emma Thompson and Stephen Fry, who wrote the script. William and Harry "had worked very hard to try to pull it off," the royal spokesman said. The spokesman declined to give any details of the party, saying only that it would be held before the family went on vacation in August. Charles's 50th birthday is not until Nov. 14, but presumably the party was planned for earlier as part of the intended surprise.

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Former President George Bush

PEOPLE

Came to relax in the land of the original white houses: gleaming island villages overlooking the Aegean Sea. Bush, the retired general Colin Powell and their families are guests of the Greek billionaire Yiannis Latsis aboard his yacht. The Bushes are close friends of the 87-year-old shipping magnate and often visit Greece as his guests. Shortly after Latsis bids good-bye to Bush and Powell he is expected to host some more famous vacationers: Prince Charles and his two sons, Princes William and Harry.

The Beijing 40 huddle together on their tiny death row at Dulles International Airport near Washington unaware of high-level negotiations that came tantalizingly close to securing their release. Moved by the plight of innocent Beanie Babies, Senator Dick Durbin, Democrat of Illinois, joined the cause late last week and pleaded for a stay of execution for the 40 doomed toys. They traveled to the shores of democracy in the luggage of the U.S. trade representative, Char-

lene Barshefsky, who bought them in China for her daughters. Her action violated import restrictions on the wildly popular collectibles — Ty Corp. makes them in China but does not permit their sale there. So Barshefsky turned the hapless Beanies over to U.S. Customs officials, who promptly threw the stuffed toys in their lockup. Ty is determined to execute the Beijing 40 because of "questions of their Beanieological descent," Durbin's press secretary said.

James Lovell, the Apollo 13 commander whose book on the doomed space flight formed the basis for the film starring Tom Hanks, was inducted into the National Aviation Hall of Fame in Dayton, Ohio. Lovell, 70, completed four missions as an astronaut, including the first orbit of the moon aboard Apollo 8 and the perilous Apollo 13 moon shot. The flight was aborted because of a malfunction, but the crew returned safely.

□

Paula Jones's profile is dwindling.

The woman who sued President Bill Clinton for sexual harassment underwent rhinoplasty in Manhattan, the New York Post and the Daily News reported. Jones and her husband, Stephens, were seen leaving the offices of the plastic surgeon Thomas Loeb. The new nose is the latest incarnation for Jones, 31, who appeared with a new hairstyle and wardrobe on Jan. 17, at Clinton's deposition in her lawsuit, which was dismissed. It's unclear who paid for the nose job by Loeb, which can cost up to \$9,000.

A Swedish politician apologized to the film director Ingmar Bergman for an incident involving allegations of tax evasion more than 20 years ago. "We carried out a policy which made certain people feel singled out and persecuted," Sten Andersson, a member of the governing Social Democrats, told Expressen newspaper. Bergman said in an interview aired on his 80th birthday July 14 that he was deeply scarred by his arrest in 1976. No charges were brought against him, but his humiliation led to a nervous breakdown.



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